

**Santa Ynez Community Services District
Board Memorandum**

Date: March 18, 2026
To: Board of Directors
From: Loch Dreizler, General Manager
Subject: Proposed Update to Employee Handbook: Adoption of Revised Workweek Modification Policy

Staff Recommendation / Proposed Motion

Staff recommend that the Board approve the proposed Workweek Modification Policy and direct its incorporation into the employee handbook.

Background

The Santa Ynez Community Services District (SYCSD) is committed to ensuring fair, compliant, and transparent compensation practices for our non-exempt employees. As a public agency, we operate under the federal Fair Labor Standards Act (FLSA) and are exempt from most California Labor Code overtime provisions, as confirmed by court decisions such as *Johnson v. Arvin-Edison Water Storage District* (2009) and *Stone v. Alameda Health System* (2024). Our current overtime practices, refined in July 2023, have generally aligned with FLSA requirements but lack formal documentation in the employee handbook.

To enhance clarity, simplify administration, and provide additional employee benefits, the staff has developed a revised Workweek Modification Policy. This policy has been reviewed and approved by legal counsel. The proposed update to the employee handbook incorporates this policy to formalize our approach and ensure consistency and clarity for employees and payroll staff.

Fiscal Impacts

No budget adjustments are required.

Fiscal impacts are expected to be minimal, if any. The voluntary daily overtime benefit may result in a slight increase. However, based on historical WWTP and on-call data, overtime outside the WWTP is very situational and unpredictable.

Summary of Proposed Policy Changes

The revised policy maintains FLSA compliance while introducing voluntary enhancements and procedural improvements:

- **Workweek Definition:** Shifts the fixed workweek from Sunday–Saturday to Monday at 12:01 a.m. through Sunday at midnight. This better aligns with operational needs, such as weekend WWTP shifts, by positioning Sunday hours at the end of the week for more appropriate overtime consideration.
- **Overtime Eligibility:**
 - Weekly overtime at 1.5 times the applicable rate for hours over 40 in the workweek (required by FLSA).
 - Voluntary daily overtime at 1.5 times the applicable rate for hours over 8 in a workday (an added employee benefit not mandated by law).
 - No pyramiding of daily and weekly overtime on overlapping hours—only the greater amount is paid.
- **Overtime Rate Calculation:** Adopts the FLSA Section 7(g)(2) "rate in effect" method for mixed-rate work (e.g., standard District duties at base rate vs. higher-rate WWTP operations). Overtime premiums are calculated at 1.5 times the bona fide rate for the specific type of work performed during overtime hours, simplifying computations and ensuring fairness without resorting to complex weighted averages.
- **Authorization and Tracking:** Requires pre-approval of overtime where possible, accurate timesheet recording by job type, and supervisor review.
- **Effective Date:** Upon Board approval and starting in the pay period beginning April 6, 2026.

This policy update will be integrated into the employee handbook's compensation section, with a full draft attached for reference. Employees will receive notice of the changes.

Clarity Added to Payroll Calculations

The policy adds significant clarity by:

- Confirming our existing payroll procedure, known as a "rate-in-effect".
- Defining a uniform workweek that better captures weekend contributions, reducing confusion over when hours trigger overtime.
- Easier to track, minimize errors, and ensure consistent application across employees.

This will likely reduce payroll processing time and support accurate budgeting.

Attachments: Workweek Modification – Employee Handbook



Workweek Modification – Employee Handbook

Purpose

This new policy ensures full compliance with the federal Fair Labor Standards Act (FLSA) while simplifying overtime calculations for non-exempt employees. As a public agency, we will follow FLSA overtime rules (weekly >40 hours) and voluntarily provide additional overtime for daily hours >8 as an employee benefit. We use the "rate in effect" method under FLSA Section 7(g)(2) to avoid complex weighted-average calculations, ensuring fair and straightforward pay, especially for mixed-rate work (e.g., regular District/SYCSD duties vs. higher-rate WWTP operations).

Workweek Definition and Change

Our fixed workweek will change to **Monday from 12:01 a.m. to Sunday at midnight** (168 consecutive hours). Previously, the workweek ran from Sunday to Saturday. This change aligns better with operational needs, including on-call and weekend WWTP shifts. Under the old Sunday–Saturday schedule, weekend hours (especially on Sunday) often fell at the start of the week and were less likely to count as weekly overtime after a full Monday–Friday schedule. Shifting Sunday to the end of the week ensures those hours are more accurately counted toward the >40 threshold when applicable, providing clearer OT recognition without changing any legal obligations under FLSA.

This workweek applies uniformly to all non-exempt employees unless otherwise specified. The workweek change is intended to be permanent and not intended to evade overtime requirements.

Overtime Eligibility and Triggers Non-exempt employees receive overtime as follows:

- Daily Overtime (Voluntary Agency Policy): 1.5 times the applicable hourly rate for hours worked over 8 on any single workday.
- Weekly Overtime (FLSA-Required): 1.5 times the applicable hourly rate for hours worked over 40 in the workweek.
- If daily and weekly overtime overlap on the same hours, only the greater amount is paid (no pyramiding).

Overtime Rate Calculation – "Rate in Effect" Method when employees perform different types of work with different straight-time rates in a workweek (e.g., District/SYCSD at the base rate vs. WWTP at the higher reimbursed rate):

- Straight-time pay is calculated at the contracted rate for each hour worked.
- All overtime premiums (daily and weekly) are paid at **1.5 times the bona fide rate in effect** for the specific type of work performed during the overtime hours.
- This follows FLSA Section 7(g)(2) and related regulations (29 CFR §§778.415–778.421).
- Example: If overtime hours occur during WWTP work (\$47.14/hr), overtime for those hours is paid at $1.5 \times \$47.14$.

Authorization, Tracking, and Records

- Overtime should be pre-approved by a supervisor when possible. Unauthorized overtime may result in disciplinary action, but all hours worked will be paid in accordance with this policy.
- Employees must record all hours worked (including callouts) accurately via [timesheet]. Supervisors review and approve timesheets.
- Hours and rates are tracked separately by job type (e.g., District vs. WWTP) to ensure accurate application of the rate-in-effect method.
- This policy should be updated as needed; employees will receive notice of any changes.

Effective Date: To Be Determined based on approval and payroll service implementation schedule