

Agenda Report

DATE: November 3, 2014

TO: Honorable Mayor and City Council

FROM: Human Resources Department

RE: APPROVAL OF NON-REPRESENTED EXECUTIVE MANAGEMENT,
MANAGEMENT, AND NON-MANAGEMENT SALARY RESOLUTIONS

RECOMMENDATION:

It is recommended that the City Council:

1. Approve the Non-Represented Executive Management salary resolution; and
2. Approve the Non-Represented Management salary resolution; and
3. Approve the Non-Represented Non-Management salary resolution; and
4. Approve a Resolution of the City Council of the City of Pasadena to report the value of employer paid member contributions (EPMC) for the safety employees in the non-represented management group and supersedes Resolution No. 8021 insofar as it applies to the safety employees that are non-represented management; and
5. Approve a Resolution of the City Council of the City of Pasadena to authorize tax deferral of member paid contributions to the California Public Employees' Retirement System for all safety employees in the non-represented executive management and non-represented management groups; and
6. Authorize the City Manager to amend employment contracts with Assistant City Managers, Department Directors, and Deputy Department Directors as needed to reflect City Council approved changes.

BACKGROUND:

The City Council establishes by Resolution salaries and benefits for classifications that are not represented by an employee association or union. The City Council may adopt salary resolutions to make adjustments to wages, benefits and working conditions of non-represented employees. The following is an overview of the significant modifications to the existing salary resolutions:

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1. **Salaries:** Effective December 1, 2014, the salary of non-sworn miscellaneous classifications will increase by 1%. The salary of sworn safety employees will increase by 7.75%.
2. **Retirement:** Effective December 1, 2014, sworn safety classifications will contribute 9% toward retirement by paying the member contribution on a pre-tax basis. The City will report the value of the employer paid member contribution as 0%.
3. **Vacation:** Effective the beginning of the pay period that includes January 1, 2015, vacation will accrue on a per pay period basis based on years of service. The maximum vacation amount is twice the annual accrual.
4. **Vacation Cash Out:** Non-Represented Management employees who use forty hours of leave in the prior calendar year, may cash out up to eighty hours of vacation once in the following calendar year. Non-Represented Executive employees may cash out up to one years accrued vacation once per calendar year.
5. **Vacation Buy-Down:** Employees will receive a vacation buy down to 1.5 times the annual accrual with their November 26, 2014 pay check. This will allow the vacation maximum of two times the annual accrual to be enforced.
6. **Sick Leave:** Effective the beginning of the pay period that includes January 1, 2015, sick leave accrues on a per pay period basis. The annual amount of sick leave is eighty hours accrued at 3.08 hours per pay period. Effective with the pay period that includes January 1, 2015, employees will receive a one-time lump sum amount of forty hours of sick leave to assist with the transition to accrued based sick leave. The sick leave maximum for non-represented non-management is 1200 hours. For non-represented management and executive employees, the sick leave maximum is 2080 hours. At retirement, employees may convert accrued and unused hours of sick leave to service credit pursuant to Government Code Section 20965.
7. **Management Time Off (MTO):** Effective January 1, 2015, executive management and non-represented management employees receive forty hours of management time off. The City Manager may grant up to an additional eighty hours of MTO to executive management members per calendar year. Department directors may grant up to an additional eighteen hours of MTO per calendar year to non-represented management employees. The maximum MTO for executives will be capped at 120 hours. The maximum MTO for non-represented management will be capped at 58 hours.
8. **Partial Day Absences:** Exempt employees in both executive and non-represented management classifications who are absent from work for three hours or more of

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their regularly assigned work schedule are required to use appropriate accrued leave time to cover their absence.

9. Holidays: With the November 26, 2014 paycheck, the City will combine the banked and floating holiday hours and employees will receive a cash out of hours in excess of eighteen. The City will no longer use banked holidays. Floating holidays will be capped at 54 hours.
10. Health Insurance/Employee Option Benefit Fund: Employees enrolled in a medical plan receive a monthly allowance based on enrollment (Employee only, employee+1, employee+2) which includes the statutory CalPERS minimum contribution. Increases to each tier (employee only, employee+1, employee+2) will only occur when the lower of the premium for the CalPERS LA Region for Blue Shield Access+ or Kaiser exceeds the current allowance. The allowance in each tier will equal the lower of the LA Region Blue Shield Access+ or Kaiser premium but shall not be lowered below the 2014 allowance which includes the PEMHCA minimum.

Effective January 1, 2015 the tiers are as follows:

Tier 1:	Employee Only	\$1,239.11
Tier 2	Employee +1	\$1,239.11
Tier 3:	Employee +2	\$1,346.46

New employees hired by the City on or after January 1, 2015, will receive an EOBF allowance (including the statutory minimum) that equals the lower of the premium of Blue Shield Access+ or Kaiser (LA Region) for the tier in which they enroll (employee only, employee+1, employee+2).

11. Life Insurance: Effective January 1, 2015, the life insurance for non-represented management employees will be \$75,000 and non-represented non-management employees who work at least thirty hours per week will have \$25,000 of life insurance.
12. Dental Plan: Effective January 1, 2015, non-represented non-management employees will receive 100% of the PPO premium for the employee only dental plan and up to \$80 per month for dependent coverage.
13. Short-Term and Long-Term Disability: Effective January 1, 2015, the City will provide a short-term disability plan for executive and non-represented management classifications that includes the following basic provisions:
 - a. Thirty (30) calendar day elimination period. Disability payments begin on the 31st day.
 - b. Payments shall not exceed 66 2/3% of the employee's salary up to \$2,200 per week.

- c. Maximum duration is 22 weeks (154 days).
- d. The premium will be paid by the City. The benefit is taxable to the employee.

The short –term disability plan for non-represented non-management employees who work at least 30 hours per week receive the following short-term disability benefits:

- a. Thirty (30) calendar day elimination period. Disability payments begin on the 31st day.
- b. Payments shall not exceed 50% of the employee's salary up to \$1,730 per week.
- c. Maximum duration is 22 weeks (154 days).
- d. The premium will be paid by the City. The benefit is taxable to the employee.

Upon implementation of the short-term disability plan, the existing basic long-term disability plan elimination period will be increased to 180 calendar days. Additionally, employees may elect to enroll in a supplemental long-term disability plan at his/her own expense.

- 14. Overtime: Exempt employees are not eligible for overtime however, the Police Chief may pre-authorize time and a half base pay overtime for Police Lieutenants for overtime in the following instances: (1) watch commander position coverage, (2) third party funded special events, and (3) grant funded overtime at his sole discretion. Police Lieutenants will track hours worked for timekeeping purposes.
- 15. Professional/Personal Allowance: Executive management and non-represented Management employees receive a professional/personal development allowance annually in March as follows:
 - a. Assistant City Manager - \$2,000
 - b. Department Director - \$1,000
 - c. Non-Represented Management:
 - i. Level 1, Police Commanders, Assistant City Attorney, and Deputy City Attorney - \$1,000
 - ii. Level 2 - \$750
 - iii. Level 3 Police Lieutenants - \$625
 - iv. Level 4 and 5 - \$500
- 16. Auto Allowance: Non-represented management employees in level 1, 2, or 3 are eligible for \$300 per month and level 4 or 5 are eligible for \$275. Auto allowances are provided to individuals who need to drive for business purposes.
- 17. Lump Sum Payment: Non-represented non-management employees who work full-time will receive a one-time lump sum payment of \$500; part-time employees

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who have worked 1040 hours in the past twelve months will receive a lump-sum payment of \$250. Non-represented management employees will receive a lump-sum payment of \$500. Executive management employees will receive a lump sum payment of \$2,000.

18. Salary Resolution Language: The resolutions have been re-written and reorganized for clarity, legal compliance, and organizational effectiveness. These changes correct the contract to the law, department procedures, and best practices.
19. Classifications in the non-represented management salary resolution have been reorganized into levels as follows:

Level 1 – Deputy Director Classifications – at-will, confidential, require employment contracts

Level 2 – Management – at-will, confidential

Level 3 – Safety Sworn management

Level 4 – Confidential – at-will

Level 5 – Police Civilian Administrators and Supervisors

Existing employees who are not currently in at-will status are grandfathered with respect to the employment contract and at-will status as long as they remain in their current classification. At-will employees serve at the pleasure of the City Manager and can be dismissed with or without cause. Should the City dismiss a non-represented management at-will employee, the employee shall receive a lump sum severance payment equal to three (3) months base pay and three (3) months medical COBRA.

COUNCIL POLICY CONSIDERATION:

The adoption of the salary resolutions for non-represented executive, management, and non-management classifications support the City Council's strategic goal of maintaining fiscal responsibility and stability.

FISCAL IMPACT:

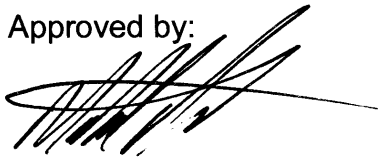
The recommended salary resolutions result in one-time costs of \$1,332,445 to be paid from FY 2014 fund balance and ongoing costs of \$721,445 per year. The impact to FY 2015 operating budget (approximately \$360,723) will be allocated to each departments operating budget to reflect these changes.

Respectfully Submitted,



Kristi Recchia
Director of Human Resources

Approved by:



Michael J. Beck
City Manager

Attachments:

1. Salary Resolution for Non-Represented Executive Management
2. Salary Resolution for Non-Represented Management
3. Salary Resolution for Non-Represented Non-Management
4. Resolution of the City Council of the City of Pasadena to report the value of employer paid member contributions (EPMC) for the safety employees in the non-represented management group and supersedes Resolution No. 8021 insofar as it applies to the safety employees that are non-represented management
5. Resolution of the City Council of the City of Pasadena to authorize tax deferral of member paid contributions to the California Public Employees' Retirement System for all safety employees in non-represented executive management and non-represented management groups