TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: HUMAN RESOURCES

DATE: AUGUST 9, 2004 CMR:383:04

SUBJECT: APPROVAL OF RESOLUTIONS ADOPTING COMPENSATION PLAN FOR MANAGEMENT AND PROFESSIONAL PERSONNEL, AMENDING THE SALARIES AND BENEFITS OF CERTAIN COUNCIL APPOINTED OFFICERS, AND AMENDING THE MERIT SYSTEM RULES AND REGULATIONS

RECOMMENDATION

This report recommends Council approval of the attached resolutions adopting a compensation plan for Management and Professional personnel effective for the pay periods including July 1, 2004 through June 30, 2005. Also recommended is approval of the attached resolution amending the salary and benefits of certain Council Appointed Officers and the Merit System Rules and Regulations to incorporate the amended compensation plan for Management and Professional personnel.

BACKGROUND

Last year Management and Professional employees took the lead in addressing the City’s financial situation by not only taking a 0% salary increase but also an offsetting 1% salary decrease via a mandatory furlough. Management and Professional employees also accepted a cap for health insurance at PERS Choice from PERS Care; prorating benefits for new part time employees; and a two-tier retiree health program. This year the City emphasized these key issues during negotiations with SEIU in order to maintain a level of comparability within the City.

DISCUSSION

This year the City Manager is recommending a minimal adjustment for the group. A committee comprised of one employee from each department provided the City Manager
with areas of interest and concern on behalf of the Management and Professional employees.

The City Manager recommends:

- A 3% control point increase effective July 1, 2004 to all Management and Professional classifications. Under the Management Compensation Plan, control point adjustments are not automatically passed on to employees. Individual employee salaries are authorized by department heads, based upon performance.

- A voluntary furlough (equivalent to an overall 1% salary reduction for all Management/Professional employees; if the 1% is not achieved via voluntary contributions, the furlough will be mandated

- A new, self-funded program for those employees enrolled in PERS Choice who exceed $2,500 in medical expenses to submit receipts for up to $700 (for single) $900 (for employee + one) and $1100 (for family)

Council Appointed Officer

The City hired a new City Attorney effective July 25, 2004. The Employment Agreement for the City Attorney was approved by the Council on June 14, 2004. As noted by the Mayor during the June 14, 2004 Council meeting, in order to implement the Employment Agreement for the City Attorney, the 2004-05 Management and Professional Compensation Plan (Exhibit A hereto) must include in attachments the new City Attorney’s salary and those benefits that are unique to the employment agreement (those specifically not listed in the Management and Professional Compensation Plan).

**RESOURCE IMPACT**

The annual cost for the proposed Management and Professional Compensation Plan increase is estimated to be $1.1 million. This increase will be partially offset by the voluntary furlough savings ($350,000). The maximum potential cost of the self-funded PERS Choice plan is $87,000/year and there is no increase to the City as a result of the amended Professional Development Program. The 2004-05 proposed budget includes full funding of this expense within each fund’s respective salary and benefits budget.

**POLICY IMPLICATIONS**

The action recommended by this report is consistent with City Council direction.

**ENVIRONMENTAL REVIEW**

This is not a project under the California Environmental Quality Act (CEQA).
ATTACHMENTS

Attachment A – Resolution Adopting a Compensation Plan for Management and Professional Personnel, which includes the new City Attorney.

Attachment B - Resolution Amending the Merit System Rules and Regulations

PREPARED BY: ________________________________
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