TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER

DEPARTMENT: HUMAN RESOURCES

DATE: SEPTEMBER 12, 2005

CMR: 373:05

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, 2005 through June 30, 2006. 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

In 2003, the Management and Professional employees took the lead in addressing the City’s financial situation by having no salary increase and accepting a 1% salary decrease because of 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. In 2004, the City emphasized these key issues during negotiations with SEIU in order to maintain a level of comparability within the City. Last year Council approved a 3% salary increase for the Management and Professional employees offset again by a mandated furlough equivalent to a 1% salary reduction. The Management and Professional employees were the only employees unit that fully participated in this significant cost-saving measure last year.

DISCUSSION

This year the City Manager is recommending a minimal adjustment for the Management and Professional employees group. A committee comprised of one employee from each department provided the City Manager with feedback and concerns on behalf of the Management and Professional employees.
The City Manager recommends:

- A 3% control point increase effective July 1, 2005 for all Management and Professional classifications. Under the Management and Professionals Personnel Compensation Plan, control point adjustments are not automatically passed on to employees. Increases to individual employee salaries are based upon an employee’s performance and are authorized by the department head.
- A 1% control point increase effective January 1, 2006 to all Management and Professional classifications.

These salary range adjustments are the same as those already granted to SEIU.

Other changes included in the compensation plan have been made in order to clarify existing benefits, policies or processes. The following changes are also included in the compensation plan but do not reflect an increase in salary or benefits:

- Added language describing the established reclassification process;
- Holiday pay clarification;
- Domestic partner health benefit law changes;
- Changes to the excess medical and professional development benefits to comply with IRS code;
- Added language to describe reduction in workforce and grievance procedures.

RESOURCES IMPACT

The annual cost for the proposed Management and Confidential Compensation Plan control point increase is $1,313,000, including salary and benefits, with $696,000 in General Fund expenditure and $617,000 in enterprise and other fund expenditures. The 2005-06 Adopted Budget includes full funding for this expense in the General Fund salary contingency. Staff traditionally transfers the enterprise and other funds’ portion of the salary contingency funding to those funds as part of the midyear report and budget amendment ordinance (BAO). Accordingly, staff will propose this as part of the 2005-06 midyear report and BAO in winter 2006. Existing budgets in these funds are sufficient to cover the cost of the compensation plan increase until the proposed transfer of funds takes place as part of the midyear BAO.

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
Attachment B - Resolution Amending the Merit System Rules and Regulations

PREPARED BY: Helen Del Grosso, Employee Relations and Compensation Manager

DEPARTMENT HEAD: ________________________________
RUSS CARLSEN
Director of Human Resources

CITY MANAGER APPROVAL: ________________________________
EMILY HARRISON
Assistant City Manager