TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: HUMAN RESOURCES

DATE: JULY 1, 2002 CMR: 320:02

SUBJECT: APPROVAL OF RESOLUTIONS AMENDING COMPENSATION PLAN FOR MANAGEMENT, CONFIDENTIAL AND HOURLY PERSONNEL, AND AMENDING THE MERIT SYSTEM RULES AND REGULATIONS

RECOMMENDATION
This report recommends Council approval of the attached resolutions adopting compensation plan for Management and Confidential personnel and Hourly employees, effective for the pay periods including July 1, 2002 through June 30, 2003. Also recommended is approval of the attached resolution amending the Merit System Rules and Regulations to incorporate the amended compensation plan for Management and Confidential personnel.

DISCUSSION
Management and Confidential Employees
Effective with the pay period including July 1, 2002, the compensation plan provides for a 3 percent control point increase to 176 Management and Confidential 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.

In addition to the control point increase, amendments to the Management and Confidential Compensation Plan include special control point adjustments to 13 management classifications, based upon external salary survey data, supervisory differential considerations, and internal alignment. These adjustments are included in Attachment A.

Other compensation plan changes are:
- Variable Management Compensation salary calculations will be based upon the same fiscal year as the appraisal period.
- The Management and Confidential employees agree to a plan re-opener to consider
tying the City’s medical insurance contribution to the PERS Choice plan. This is with
the understanding that the City will provide equivalent health care coverage through a self-funded PERS Choice Plus Fund and to discuss the issue of health plan costs for both active and retiree coverage. Hourly Employees.

The salary ranges for 35 hourly classifications will be increased by 3 percent, effective with the pay period including July 1, 2002 in order to maintain salary ranges at a competitive level. The full text of the compensation plan is attached with changes highlighted.

**RESOURCE IMPACT**
The annual cost for the proposed Management and Confidential Compensation Plan control point increase and the Hourly employee salary range increase is $1,149,000 with $804,000 in General Fund expenditure and $345,000 in Enterprise Fund expenditure. The 2002-03 Adopted Budget includes full funding of this expense within each fund’s respective salary contingency. Other compensation plan changes are cost neutral.

**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 – Special Control Point Adjustments
Attachment B – Resolution Adopting a Compensation Plan for Management and Confidential Personnel
Attachment C – Resolution Adopting a Compensation Plan for Hourly Employees
Attachment D – Resolution Amending the Merit System Rules and Regulations

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