



Agenda Item #: 06/0620.3

Staff Report

City of Manhattan Beach

TO: Honorable Mayor Ward and Members of the City Council

THROUGH: Geoff Dolan, City Manager *GD*

FROM: Marcie Scott, Human Resources Director *MS*

DATE: June 20, 2006

SUBJECT: Consideration of a Resolution Amending Personnel Rules Providing for the Fiscal Year 2006-2007 Adjustment to the Management/Confidential Salary Ranges and Other Benefit Modifications

RECOMMENDATION:

Staff recommends that the City Council adopt Resolution No. 6038 amending the Management/Confidential Unit salary ranges to provide a 6% increase, modify the medical insurance contribution, adjust 3 classifications on the salary schedule and other benefit modifications as described below.

FISCAL IMPLICATION:

The projected FY 2006-2007 budget provides sufficient funds to accommodate a 6% adjustment to the Management/Confidential salary ranges, increase the medical contribution and make additional modifications as described below. The movement of three classes into the next salary schedule will not impact the FY 06-07 budget and will not result in an automatic pay increase for the 3 incumbents. The incumbents will be eligible for a salary increase based on their performance evaluations.

BACKGROUND:

The Management/Confidential Unit, which covers 58 employees, does not engage in collective bargaining, as this group is not represented. This year, City Management met with Management/Confidential employees to discuss compensation. Many of the changes recommended below are based on internal equity issues and will bring more consistency to the City's compensation plan. Staff typically makes recommendations for any changes to the salary and compensation for these employees in the budget process, to take effect at the beginning of the fiscal year, unless otherwise noted. These employees' salaries are based solely on merit, with no automatic annual increases. This adjustment will only move the ranges, not any employee's current pay. All pay adjustments are based on the annual performance review.

DISCUSSION:

Staff recommends an adjustment in the Management/Confidential pay ranges to remain current with the geographic job market, the consumer price index and internal salary relationships. In the last several years, the salary range movement for this Unit has been limited due to concerns with the

State's finances as well as other economic factors. We typically survey benchmark classifications in this group, which indicate this year we have several classifications that have fallen behind the market, suggesting this Unit is losing ground with its current salary survey positioning. Therefore staff recommends a 6% adjustment to all salary ranges in Management/Confidential. As described above, an employee's actual salary is increased only on the basis of their performance evaluation, not this range movement.

Two classifications with one incumbent each, Deputy City Manager/Assistant to the City Manager and City Clerk, are recommended to move from Salary Schedule 5 to 6. Both of these positions are part of the Department Head group and have significant responsibility and accountability. The Maintenance Superintendent, one incumbent, is recommended to move from Salary Schedule 6 to 7. This is based on internal equity with other Public Works Managers as well as recognition of the significant span of control for this position.

The City provides medical insurance coverage through CalPERS, which offers employees insurance choices from several different plans. Historically, the City has provided a contribution sufficient to cover the PERS Choice medical plan. The new rates for 2006 are unknown as of this writing. Staff recommends, in keeping with our past practice, that the monthly medical allowance for employees be provided at a rate that will cover the PERS Choice premium at the level in which they are enrolled: single, 2-party or family coverage. Funds have been included in the FY 2006-2007 budget to cover increases in premiums for the next year. Increases in medical contributions will take effect December 1, 2006.

Currently, the members of Management/Confidential accrue General Leave, which is a combined leave used for vacation and sick absences. Members are not eligible for Bereavement Leave. If an employee takes leave because of a death in the family, he must use accrued General Leave. Staff recommends providing Bereavement Leave with the same terms as those employees in the miscellaneous unit, which is defined as up to five (5) days of paid leave in a 12-month period beginning from the date the leave first begins for a member of the "immediate family" as currently defined in the Personnel Rules.

As with the prior paragraph, another internal equity issue is arising with the General Leave accrual rate. The City implemented General Leave for Management/Confidential in 1993 and has not adjusted the accrual rates since that date. Employees in this Unit receive 25 days of General Leave per year for their first 5 years of employment, and one additional week thereafter. However the other represented bargaining units have had increases to their accrual rates over time. We are projecting that the accrual rates of rank and file employees will reach, and in some cases even exceed, the accrual rates of managers with significant tenure. For these reasons Staff recommends increasing the accrual rate by 5 days per year for Management/Confidential employees with 10 or more years of City service. With this increase, Staff also recommends increasing the cash out limit from 80 to 120 hours per year, but adding a new provision requiring an employee to keep at least 80 hours of General Leave in their bank after the cash out is processed.

As part of the recent negotiations approved by the City Council in January, the Fire Association will be receiving a benefit from the change to the reporting of the Employer Paid Member Contribution (EPMC) to CalPERS for their pensions. At the time, City staff recommended rolling this benefit up to Fire Management, who are not covered by the Fire Association MOU. This will assist us in

recruiting for fire management positions should we have any vacancies in the future by having consistency in the pension benefits from the represented to the unrepresented employees. Staff recommends approval of the implementation of the EPMC reporting change effective the pay period including January 1, 2007 for the three Battalion Chiefs and Fire Chief.

Consistent with the City's approach of providing similar benefits to managers as the employees they supervise, the miscellaneous unit is in the final stages of completing a new collective bargaining agreement with the City. Two key issues in the potential agreement are a retiree health benefit and a change to the EPMC reporting. A retiree health benefit is one of the main areas in our surrounding city survey in which Manhattan Beach is significantly behind the market. Staff recommends that if these two benefits are approved by the City Council for the miscellaneous unit, they be extended to the Management/Confidential members with the same effective dates. We anticipate increased opportunities for employees to promote through the ranks as we face a number of retirements in the next several years. It is critical that an employee not lose benefits in the event of a promotion.

Attachments: A. Resolution No. 6038
B. Classification Plan—Management/Confidential

RESOLUTION 6038

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, AMENDING RESOLUTION 5898 OF SAID COUNCIL (PERSONNEL RULES) BY AMENDING RULE XI (ATTENDANCE AND LEAVES) AND RULE XII, (EXPENSE ALLOWANCES AND OTHER FRINGE BENEFITS) AND ADJUSTING THE SALARY RANGES OF MANAGEMENT/ CONFIDENTIAL EMPLOYEES

THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The City Council hereby finds as follows:

- (a) The City maintains personnel rules to govern the City's relations with its employees;
- (b) It is in the best interest of health, safety and welfare of the city's residents that the personnel rules reflect current practice and policy.

SECTION 2. Resolution 5898 is hereby amended to provide that Section 1, Annual Vacation/General Leave of Rule XI be amended as follows:

Annual Vacation/General Leave. The purpose of annual vacation and general leave is to enable each eligible employee annually to return to work mentally refreshed. All full-time employees shall be entitled to annual vacation or general leave with pay. Those employees in the General, Fire and Police Units will earn vacation leave as described in their Memoranda of Understanding. Management/Confidential employees begin to earn general leave as stated below, and may use such leave time as it is earned. If an employee terminates employment with the City and then returns, vacation or general leave shall be earned at the same rates as if he were a new employee.

A. Effective June 24, 2006, Management/Confidential employees begin to earn general leave on the first day of probationary employment as follows:

<u>Tenure</u>		<u>General Leave Accrual</u>
Greater than:	Less than or equal to:	
0 months	5 full years	25 (days/year) or 16.667 (hours/month)
5 full years	10 full years	30 (days/year) or 20.000 (hours/month)
10 full years		35 (days/year) or 23.330 (hours/month)

Those Management/Confidential employees scheduled to work a 24-hour shift will receive General Leave accrual based on their 56-hour work week. Their accrual rates are as follows:

0 months	5 full years	13 shifts or 26 (hours/month)
5 full years	10 full years	15 shifts or 30 (hours/month)
10 full years		17-1/3 shifts or 34.667 (hours/month)

During the fiscal year, in the payroll period prior to the final payday in either June or December, an employee earning general leave may exchange up to a maximum of 120 hours, or for Battalion Chief 168 hours, of earned general leave for pay. However any employee cashing in general leave hours, must leave a minimum balance of 80 hours (112 hours for Battalion Chief) in her bank after the cash out is completed.

Management/Confidential employees may accumulate up to three years of general leave accrual. If an employee reaches the general leave accrual maximum, that employee will not accumulate further leave until such time that the employee's accrual rate returns to below the maximum amount. Under special circumstances, and with City Manager approval, an employee may be allowed to accrue over the maximum on a temporary basis.

SECTION 3. Resolution 5898 is hereby further amended to provide that a new Section 4, Bereavement Leave be added to Rule XI as follows and renumber the remaining Sections:

In the event of a death of a member of the employee's immediate family as defined in the paragraph above, up to five (5) days of paid leave in a 12-month period beginning from the date the leave first begins, may be used by the employee for Bereavement Leave. Members of the General Unit may use Bereavement Leave as described in their Memoranda of Understanding.

SECTION 4. That Section 5, Insurance Benefits Program of Rule XII be amended as follows:

Insurance Benefits Program. Each regular employee is eligible to participate in a City-approved group insurance benefits program providing comprehensive major medical, dental, life insurance, and accidental death and dismemberment insurance coverage. Enrollment in a long-term disability program is mandatory for Management/Confidential and General Employees. All employees covered under the insurance benefits program, in order to receive the insurance allowance, must enroll in a City-approved group medical plan or Medicare. Any amount excluding the medical and long-term disability premium, not used toward the premium of other City insurance, may be used in a flexible spending account or shall be returned to the employee except for employees enrolled in the PERS medical insurance program unless otherwise provided in this section. The allowances shall be as follows:

Management/Confidential Employees. Effective January 1, 1990, the City will contract with the Public Employees Retirement System (PERS) for medical insurance. Effective December 1, 2006, employees with employee only coverage shall receive a cafeteria contribution of \$426 per month or a contribution that covers the PERS Choice single premium, whichever is less. Those enrolled in coverage for employee plus one dependent shall receive a contribution to cover the PERS Choice 2-party premium. And employees enrolled in coverage for employee plus 2 or more dependents shall receive a contribution to cover the PERS Choice family premium. As of July 9, 2005, those employees receiving the family contribution but enrolled in the PERS 2-party plan will be grandfathered in until they separate from City service or choose to enroll in another level of medical insurance coverage.

The City will also pay the full Long Term Disability (LTD) and life insurance premiums and the full vision care plan premium for each Management/Confidential employee. Elected officials are eligible to receive up to \$20,000 life insurance coverage at their own cost. The City shall contribute \$70 to each employee in the Management/Confidential or elected official which they may apply towards dental insurance or receive back in cash. Elected officials must be enrolled in the CalPERS medical plan to receive the \$70 dental stipend or cash back.

Elected officials choosing not to participate in the above medical program shall have the option of receiving \$225 monthly allowance, in lieu of the PERS program, which can be used towards the purchase of insurance or received as cash back.

The City shall pay any surcharge assessed by PERS on the medical insurance premiums up to 3.3%. Any future surcharges shall be paid by the employee.

Effective January 1, 1990, the City shall pay \$1.00 per month for retirees in the Management/Confidential Unit electing to participate in the CalPERS medical insurance program. The \$1.00 per month amount will increase each year by 5% of the minimum employer contribution as provided under government Code section 22825 of the Public Employees Medical and Hospital Care Act (PEMHCA) which is included in the contribution levels listed above. The City shall pay any mandated surcharge increases required by PERS. (Resolution 5338)

A representative of the Manhattan Beach miscellaneous unit represented by Teamsters Local 911 and the Manhattan Beach Police Officers Association shall participate as members of a committee to review the performance of the insurance program on an annual basis.

SECTION 5. Resolution 5898 is hereby further amended to provide that Section 6, Retirement of Rule XII be amended as follows:

Retirement. Manhattan Beach is a member city in the Public Employees' Retirement System. All probationary and full time employees are required to belong to this system. The City will contribute towards the employee's contribution as provided for in the appropriate Memoranda of Understanding. Effective July 1, 1984, the City shall contribute the full employee's contribution for Management/Confidential employees.

A. Sworn members of the Police Department shall be covered under the 3% @ 50 Public Employees Retirement System (PERS) retirement program effective June 30, 2001. Sworn employees of the Fire Department shall be covered under the 3% @ 55 plan, through the Public Employees Retirement System (PERS) effective June 1, 2001. Non-sworn miscellaneous members of the Management/Confidential Unit shall be covered under the 2% @ 55 plan through the Public Employees Retirement System (PERS).

B. Effective December 1, 2004, the City shall provide sworn Police Management employees \$300 per month towards retirement health insurance upon retirement, provided the employee has completed a minimum of twenty years of service with the City of Manhattan Beach. Said contribution will be used toward health insurance costs, unless and until the retiree reaches 65 years of age or becomes eligible for Medicare.

Effective the pay period beginning October 30, 2004, the City shall provide the sworn Fire Management employees \$300 per month toward retirement health insurance upon taking a service retirement, provided the employee has completed a minimum of twenty years of service with the City of Manhattan Beach. Said contribution will be used toward health insurance costs, unless and until the retiree reaches 65 years of age or becomes eligible for Medicare.

C. Should the City approve a retiree health benefit for the miscellaneous unit represented by Teamsters Local 911, that same benefit will be applied on the same effective date to the Management/Confidential employees, with the exception of sworn Battalion Chief, Police Captain and Police Lieutenant, who are covered by other plans.

D. Management/Confidential Employees and the City Manager. Effective August 16, 1994, the City-funded supplemental retirement program established on January 1, 1990, for non-safety Management/Confidential employees and the City Manager is terminated. Effective July 1, 2000, the City's contribution to the deferred compensation plan will be 2.5%. Management/Confidential employees who are deemed "at-will" shall receive an additional 2.0% in the deferred compensation plan, for a total of 4.5% effective July 1, 2000.

E. Effective the first pay period in July 2005, the City will contribute 2% of base salary into the Retirement Health Savings Plan account for each Department Head.

F. Single Highest Year. Effective May 21, 1993, the City shall contract with PERS for the One-Year Final Compensation Option (Government Code Section 20024.2) for all full-time employees. All full-time employees retiring after May 21, 1993, shall be covered under the Public Employees Retirement System (PERS) One-Year Final Compensation Option as provided in Government Code Section 20024.2, rather than the City provided Single Highest Year program.

G. Employer Paid Member Contribution (EPMC). Effective the pay period including January 1, 2007, for Battalion Chiefs and the Fire Chief, the City will begin reporting as additional compensation, the value of employer paid member contributions pursuant to California Government Code Section 20636(c). Reporting the value of EPMC shall have no effect on the City's calculations for overtime or special compensation employees receive as a factor of base salary. Should the City approve a change to the reporting of EPMC for the miscellaneous unit represented by Teamsters Local 911, that same

benefit will be applied on the same effective date to the Management/Confidential employees, with the exception of sworn Battalion Chiefs and Fire Chief, who are covered as stated above.

SECTION 6. Resolution 5898 is hereby further amended to provide that the salary ranges of Management/Confidential employees shall be increased by 6% pursuant to Attachment B.

SECTION 7. Each and every provision of Resolution 5898 which is not superseded by or inconsistent with the foregoing shall remain in full force and effect.

SECTION 8. The City Clerk shall make this Resolution reasonably available for public inspection within thirty (30) days of the date this Resolution is adopted.

SECTION 9. The City Clerk shall certify to the adoption of this Resolution and thenceforth and thereafter the same shall be in full force and effect.

PASSED, APPROVED and ADOPTED this 20th day of June, 2006.

Ayes:
Noes:
Absent:
Abstain:

Mayor, City of Manhattan Beach, California

ATTEST:

City Clerk

APPROVED AS TO FORM:

By 

City Attorney

City Of Manhattan Beach
Personnel Rules
Attachment B

Classification Plan – Management/Confidential

	<u>Minimum</u>	<u>Maximum</u>
<u>Schedule 1</u>	\$3,873	\$5,036
Accounting Technician Human Resources Technician		
<u>Schedule 2</u>	\$4,422	\$5,748
Budget Analyst Community Programs Supervisor Community Services Supervisor Legal Secretary Management Analyst		
<u>Schedule 3</u>	\$4,960	\$6,448
Police Records Supervisor		
<u>Schedule 4</u>	\$5,579	\$7,256
Administrative Assistant Cultural Arts Manager Equipment Maintenance Supervisor Geographic Information Systems Analyst Recreation Services Manager Senior Human Resources Analyst Senior Management Analyst Senior Planner Water Distribution Supervisor Wastewater and Electrical Supervisor		

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City of Manhattan Beach
ATTACHMENT B

Res. 6038

	<u>Minimum</u>	<u>Maximum</u>
<u>Schedule 5</u>	\$6,485	\$8,758
Financial Services Manager General Services Manager Revenue Services Manager Senior Civil Engineer Senior Plan Check Engineer		
<u>Schedule 6</u>	\$6,887	\$8,950
Assistant to the City Manager/ Deputy City Manager Building Official City Clerk Controller Principal Plan Check Engineer Risk Manager		
<u>Schedule 7</u>	\$7,727	\$10,045
Assistant Finance Director City Engineer Information Systems Manager Maintenance Superintendent Utilities Manager		
<u>Schedule 8</u>	\$8,855	\$11,516
Director of Community Development Director of Finance Director of Parks and Recreation Human Resources Director		
<u>Schedule 9</u>	\$10,320	\$13,419
Director of Public Works Fire Chief Police Chief		

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Sworn Management Employees

<u>Schedule 1</u>	<u>Minimum</u>	<u>Maximum</u>
Police Lieutenant	\$8,605	\$10,328
<u>Schedule 2</u>		
Battalion Chief	\$8,887	\$11,109
<u>Schedule 3</u>		
Police Captain	\$9,989	\$11,989

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