



## CITY COUNCIL STAFF REPORT

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**TO:** Honorable Mayor and City Council **DATE:** June 4, 2018

**FROM:** Matthew Bronson, City Manager

**PREPARED BY:** Matthew Bronson, City Manager  
Karla Mattocks, Management Analyst/Human Resources

**SUBJECT:** Executive Management and Management and Confidential Employee Compensation Resolutions

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### **RECOMMENDATION**

Adopt the Resolution amending the Classification and Compensation Plan for Executive Management employees and adopt the Resolution amending the Classification and Compensation Plan for Management and Confidential employees.

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### **BACKGROUND**

The Executive Management and Management and Confidential employees are management-level employees across multiple City departments. Executive Management employees are department directors along with the City Manager while Management and Confidential employees are mid-management/confidential employees in the City Manager's Office, Administrative Services, Community Development, and Public Works departments. There is a separate employee bargaining group for Police Management and Confidential employees.

Compensation and benefits for management employees is set by the Council upon recommendation from the City Manager. The Council adopted a Resolution on September 21, 2015 to amend the compensation and benefits structure for the Executive Management employees with separate Resolutions adopted on August 3, 2015 to amend the structure for the Police Management and Confidential employee group and on December 7, 2015 for the Management and Confidential employees. These Resolutions set forth a three-year timeframe for compensation and benefits from July 1, 2015 to June 30, 2018 similar to the expiration dates of Memoranda of Understanding (MOU) for the Police Officers' Association (POA) and Service Employees International Union (SEIU) employee groups.

In April and May 2018, the City Manager met with the Executive Management and Management and Confidential employees along with the Police Management and Confidential employee group to discuss compensation and benefits interests. These discussions were occurring concurrently with formal bargaining sessions between the City and POA and SEIU on developing updated MOUs. Management employees shared numerous interests with regards to cost of living adjustments, health insurance premiums, educational incentives, and other items.

The development of the Proposed Budget for 2018-19 has culminated in a budget that maintains current service levels and continues to make targeted investments while

adhering to the Council's 20% reserves policy. However, next year's budget along with the following 1-2 years includes a projected budget gap that requires temporary use of reserves and reduction of reserves to continue funding current services. This gap includes the City's initial projections for cannabis tax revenues as the industry begins to operate in the city.

Given this near-term fiscal outlook, the City Manager is recommending a limited adjustment in the compensation and benefits structure for both the Executive Management and Management and Confidential employees. This adjustment would be an annual salary increase of 2% of base salary for each position effective July 1 over a three-year period from July 1, 2018 to June 30, 2021. Equity adjustments for specific positions are not recommended at this time as instead the City Manager is committing to review classification and compensation for select positions based on identified needs periodically over the three-year term of these Resolutions. This is the only amendment recommended at this time given fiscal constraints though the Council can revisit this structure prior to the expiration of the Resolutions. The City Manager anticipates bringing an amended compensation and benefits agreement for the Police Management and Confidential group to the Council on June 18, 2018.

### **FISCAL IMPACT**

This amended compensation and benefits structure is projected to cost the General Fund \$23,800 in 2018-19 and \$36,800 citywide. These costs are included in the 2018-19 proposed budget.

### **ALTERNATIVES**

The City Council has the following alternatives to consider:

1. Adopt the Resolution amending the Classification and Compensation Plan for Executive Management employees and adopt the Resolution amending the Classification and Compensation Plan for Management and Confidential employees; or
2. Provide alternate direction to staff.

### **PUBLIC NOTIFICATION**

The agenda was posted in accordance with the Brown Act.

### **ATTACHMENTS**

1. Executive Management Resolution
2. Management and Confidential Resolution

RESOLUTION NO. 18-\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GROVER BEACH, CALIFORNIA, APPROVING THE PROPOSED ADJUSTMENTS WITH EXECUTIVE MANAGEMENT EMPLOYEES AND AMENDING THE COMPENSATION AND BENEFITS STRUCTURE FOR THE PERIOD JULY 1, 2018 THROUGH JUNE 30, 2021**

**WHEREAS**, the City Manager and Executive Management employees have met and discussed the amended compensation and benefits structure set forth in Exhibit A – Agreement; and

**WHEREAS**, City would implement the amended compensation and benefit structure in Exhibit A with the beginning of fiscal year 2018-19 on July 1, 2018; and

**WHEREAS**, the City Council has reviewed and approved of the terms and conditions set forth therein.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Grover Beach does hereby adopt this Resolution approving the new amended compensation and benefits structure for Executive Management employees.

On motion by Council Member \_\_\_\_\_, seconded by Council Member \_\_\_\_\_, and on the following roll-call vote, to wit:

AYES: Council Members -  
NOES: Council Members -  
ABSENT: Council Members -  
ABSTAIN: Council Members -

the foregoing Resolution was **PASSED, APPROVED, and ADOPTED** at a regular meeting of the City Council of the City of Grover Beach, California this 4th day of June 2018.

**\*\* D R A F T \*\***

\_\_\_\_\_  
JOHN P. SHOALS, MAYOR

Attest:

\_\_\_\_\_  
DONNA L. McMAHON, CITY CLERK

**Executive Management Employee Compensation & Benefits  
July 1, 2018 to June 30, 2021**

**COLA**

Cost of living increase of 2% on July 1, 2018, 2% on July 1, 2019 and 2% on July 1, 2020.

**Salary**

Salaries have been established by range as follows:

July 1, 2018

Police Chief	\$10,442 - \$13,546
Administrative Services Director	\$ 9,570 - \$12,274
Community Development Director	\$ 9,394 - \$12,215
Public Works Director/City Engineer	\$ 9,394 - \$12,215
Parks & Recreation Director	\$ 6,861 - \$ 8,756

July 1, 2019

Police Chief	\$10,651 - \$13,817
Administrative Services Director	\$ 9,761 - \$12,519
Community Development Director	\$ 9,582 - \$12,459
Public Works Director/City Engineer	\$ 9,582 - \$12,459
Parks & Recreation Director	\$ 6,998 - \$ 8,931

July 1, 2020

Police Chief	\$10,864 - \$14,093
Administrative Services Director	\$ 9,956 - \$12,769
Community Development Director	\$ 9,774 - \$12,708
Public Works Director/City Engineer	\$ 9,774 - \$12,708
Parks & Recreation Director	\$ 7,138 - \$ 9,110

**Regular Pay**

Base Pay plus Incentive Pay

**Management Incentive Pay**

Employees may receive five percent (5%) Management Incentive Pay to their base pay salary. The additional pay provides eligible Employees extra pay in recognition of the unique nature of their management or executive Level positions and the special skills, knowledge, and abilities required of those positions. The compensation is paid as earned for normally required duties performed during normal work hours. It is not compensation in lieu of overtime or lieu of any other benefits.

**Uniform**

Any employee required to wear uniforms will be provided with them. Police Executive Management Employees will receive a Uniform Allowance of \$1,000 per year (pro-rated on each paycheck.) The cost of required safety equipment such as steel-toed boots and safety glasses is reimbursable.

**Administrative Leave**

Exempt employees receive 88 hours of Administrative Leave in January of each year. If hired during the year, the leave shall be pro-rated. Administrative Leave may be used at the discretion of the employee with the approval of the City Manager. Any unused balance existing at the end of the calendar year will be permitted to be carried over into the next calendar year.

**Vacation**

0 – 1 year of service	10 days per year	38 days of maximum accumulation
1 – 2 years of service	11 days per year	38 days of maximum accumulation
2 – 3 years of service	12 days per year	38 days of maximum accumulation
3 – 4 years of service	13 days per year	38 days of maximum accumulation
4 – 5 years of service	14 days per year	38 days of maximum accumulation
5 – 7 years of service	15 days per year	43 days of maximum accumulation
7 – 9 years of service	16 days per year	43 days of maximum accumulation
10 or more years of service	20 days per year	79 days of maximum accumulation

An employee may exchange vacation leave hours for cash. Upon request, the City shall buy back vacation leave hours accumulated in excess of sixty percent (60%) of the Employee’s maximum authorized accrual amount. The payment for these vacation leave hours shall be at one hundred percent (100%) of the employee’s regular hourly pay rate.

The employee’s request shall be in writing, and may be made once annually during the last two months of the calendar year. No employee may receive payment under the provisions of this section for more than eighty (80) hours of vacation leave in any one calendar year.

**Holidays**

The employee shall receive 13 paid holidays per year. Lincoln’s Birthday, shall be observed on the 2<sup>nd</sup> Monday in February if all other employee groups agree. Otherwise observance of Lincoln’s Birthday holiday shall be on the actual day of February 12<sup>th</sup>.

**Sick Leave**

The employee shall accrue 12 Sick Leave days per year. The Sick Leave Accrual limit is 2,000 hours. Sick Leave may be applied to a retiring employee’s CalPERS service credit within compliance of existing PERS policies and applicable laws. If the sick Leave is not applied toward the retirement credit, only 672 hours of accrued Sick Leave will be paid upon retirement, or when an employee with over 20 years of service leaves City employment.

**Retirement**

The City belongs to the Public Employees Retirement System (CalPERS).

CalPERS Miscellaneous 2.5% at Age 55 with One-Year Final Compensation is provided for non-safety Executive Management employees, who qualify as “Classic Employee” under CalPERS. Miscellaneous employees shall pay the full portion of the employee’s retirement contribution under CalPERS.

Employees hired after January 1, 2013 fall under Public Employees’ Pension Reform Act, or “PEPRA”, CalPERS Miscellaneous 2% at age 62 retirement Plan with Three-Year Final Average Salary Compensation for Non-Safety Executive Management employees and shall pay the full portion of the employees’ retirement contribution under CalPERS.

CalPERS Local Safety 3% at Age 55 with One-Year Final Compensation is provide for Sworn Public Safety Executive Management employees, who qualify as a “Classic Employee” under CalPERS. Sworn Safety employees shall pay the full portion of the employee’s retirement contribution under CalPERS.

Employees hired after January 1, 2013 fall under Public Employees’ Pension Reform Act, or “PEPRA”, CalPERS Local Safety 2.7% at Age 57 Retirement plan with Three-Year Final Average Salary Compensation. Each Public Safety Executive Management employee shall pay the full employee portion of CalPERS.

All employees pay member contributions on a pre-tax basis (IRS 414(h)2). The City also is part of the Social Security System. Employees pay their share of Social security as a payroll deduction.

**Group Insurance**

City pays full medical, vision, dental and life insurance (\$125,000 policy for employee + 5,000 for eligible spouse and \$2,000 per eligible child) for employees, and contributes towards dependent coverage for family members only in the following amounts:

Employee + 1 Dependent:	\$ 601.90
Employee + Full Family:	\$1,011.25

The City provides the benefits of the Public Employees Medical and Hospital Care Act (PEMHCA) to all eligible employees at a contribution level equivalent to the cost of the PERS Select PPO plan for medical coverage. Employee Only coverage will be paid at the PERS Select PPO rate.

The City’s payment amount will include the amount set forth in the CalPERS Health Care Resolution. If an employee elects to upgrade to a different plan, the employee will pay the difference (via payroll deduction) between the plan and the PERS Select PPO. The City will continue to contribute on a monthly basis up to the maximum of the amounts shown above toward the cost of dependent care coverage for health insurance.

**Cafeteria Plan**

In accordance with IRS Code Section 125, active employees participating in the City’s full flex cafeteria plan receive a monthly flex dollar allowance to purchase benefits. The allowance is listed above under group insurance.

The monthly flex dollar allowance may be used in accordance with the terms of the cafeteria plan to purchase benefits such as medical, dental, and vision insurance coverage, or any other benefits the City may offer from time to time, or may be converted to taxable income as listed below:

If an employee has health, dental and vision insurance coverage through a spouse, dependent, or a former employer and provides proof of other coverage to the Human Resources Department, the employee may elect to waive the City’s health insurance coverage and elect to use flex dollars, equal to \$500.00 per month which when elected is taxable income.

**Employee Assistance Program**

The City shall pay the Employee Assistance Program premium with a minimum of five clinical consultations per incident.

**Deferred Compensation**

The City will contribute up to \$150 per month maximum for employees who participate in one of two existing deferred compensation plans, matched on a dollar-for-dollar basis.

**Long-Term Disability**

City paid premium.

**Short-Term Disability**

Employee paid California State Disability Insurance (SDI) as a payroll deduction.

RESOLUTION NO. 18-\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GROVER BEACH, CALIFORNIA, APPROVING THE PROPOSED ADJUSTMENTS WITH MANAGEMENT & CONFIDENTIAL EMPLOYEES AND AMENDING THE COMPENSATION AND BENEFIT STRUCTURE FOR THE PERIOD JULY 1, 2018 THROUGH JUNE 30, 2021**

**WHEREAS**, representatives of the City and Management & Confidential employees have met and discussed the amended compensation and benefits structure set forth in Exhibit A – Agreement; and

**WHEREAS**, the City would implement the amended compensation and benefits structure in Exhibit A with the beginning of fiscal year 2018-19 on July 1, 2018; and

**WHEREAS**, the City Council has reviewed and approved of the terms and conditions set forth therein.

**NOW, THEREFORE, BE IT RESOLVED** that the City Council of the City of Grover Beach does hereby adopt this Resolution approving the new amended compensation and benefits structure for Management & Confidential employees.

On motion by Council Member \_\_\_\_\_, seconded by Council Member \_\_\_\_\_, and on the following roll-call vote, to wit:

- AYES: Council Members -
- NOES: Council Members -
- ABSENT: Council Members -
- ABSTAIN: Council Members -

the foregoing Resolution was **PASSED, APPROVED, and ADOPTED** at a regular meeting of the City Council of the City of Grover Beach, California this 4<sup>th</sup> day of June, 2018.

**\*\* D R A F T \*\***

\_\_\_\_\_  
JOHN P. SHOALS, MAYOR

Attest:

\_\_\_\_\_  
DONNA L. McMAHON, CITY CLERK



**Management & Confidential  
Employee Compensation & Benefits  
July 1, 2018 to June 30, 2021**

**COLA**

Cost of living increase of 2% on July 1, 2018, 2% on July 1, 2019 and 2% on July 1, 2020.

**Salary**

Salaries have been established by range as shown in Attachment 1.

**Regular Pay**

Base Pay plus Incentive Pay. Shall not include Standby Pay, Call-Out Pay, or Overtime Pay.

**Management Incentive Pay**

Employees may receive five percent (5%) Management Incentive Pay to their base pay salary. The additional pay provides eligible Employees extra pay in recognition of the unique nature of their management or executive Level positions and the special skills, knowledge, and abilities required of those positions. The compensation is paid as earned for normally required duties performed during normal work hours. It is not compensation in lieu of overtime or lieu of any other benefits.

**Education Incentive**

Education incentive pay is provided for certificates or degrees over and above what is required for the position: 2.5% for a Master's Degree.

**Uniform**

Any employee required to wear uniforms will be provided with them. The cost of required safety equipment such as steel-toed boots and safety glasses is reimbursable.

**Administrative Leave**

Exempt employees receive 88 hours of Administrative Leave in January of each year. If hired during the year, the leave shall be pro-rated. Administrative Leave may be used at the discretion of the employee with the approval of the Department Director. Any unused balance existing at the end of the calendar year will be permitted to be carried over into the next calendar year.

**Vacation**

0 – 1 year of service	10 days per year	38 days of maximum accumulation
1 – 2 years of service	11 days per year	38 days of maximum accumulation
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7 – 9 years of service	16 days per year	43 days of maximum accumulation
10 or more years of service	20 days per year	79 days of maximum accumulation

An employee may exchange vacation leave hours for cash. Upon request, the City shall buy back vacation leave hours accumulated in excess of sixty percent (60%) of the Employee's maximum authorized accrual amount. The payment for these vacation leave hours shall be at one hundred percent (100%) of the employee's regular hourly pay rate.

The employees request shall be in writing, and may be made once annually during the last two months of the calendar year. No employee may receive payment under the provisions of this section for more than eighty (80) hours of vacation leave in any one calendar year.

### **Holidays**

The employee shall receive 13 paid holidays per year. Lincoln's Birthday, shall be observed on the 2<sup>nd</sup> Monday in February if all other employee groups agree. Otherwise observance of Lincoln's Birthday holiday shall be on the actual day of February 12<sup>th</sup>.

### **Sick Leave**

The employee shall accrue 12 Sick Leave days per year. The Sick Leave Accrual limit is 2,000 hours. Sick Leave may be applied to a retiring employee's CalPERS service credit within compliance of existing PERS policies and applicable laws. If the sick Leave is not applied toward the retirement credit, only 672 hours of accrued Sick Leave will be paid upon retirement, or when an employee with over 20 years of service leaves City employment.

Employees who have accumulated 672 hours of sick leave may request to be reimbursed in November of each year for ½ of any sick leave in excess of 672 hours up to a maximum of 48 hours. (i.e. 96 hours will be deducted from total sick accruals in exchange for 48 hours cashed out.)

### **Retirement**

The City belongs to the Public Employees Retirement System (CalPERS).

CalPERS Miscellaneous 2.5% at Age 55 with One-Year Final Compensation is provided for non-safety Executive Management employees, who qualify as "Classic Employee" under CalPERS. Miscellaneous employees shall pay the full portion of the employee's retirement contribution under CalPERS.

Employees hired after January 1, 2013 fall under Public Employees' Pension Reform Act, or "PEPRA", CalPERS Miscellaneous 2% at age 62 retirement Plan with Three-Year Final Average Salary Compensation for Non-Safety Executive Management employees and shall pay the full portion of the employees' retirement contribution under CalPERS.

CalPERS Local Safety 3% at Age 55 with One-Year Final Compensation is provide for Sworn Public Safety Executive Management employees, who qualify as a "Classic Employee" under CalPERS. Sworn Safety employees shall pay the full portion of the employee's retirement contribution under CalPERS.

Employees hired after January 1, 2013 fall under Public Employees' Pension Reform Act, or "PEPRA", CalPERS Local Safety 2.7% at Age 57 Retirement plan with Three-Year Final Average Salary Compensation. Each Public Safety Executive Management employee shall pay the full employee portion of CalPERS.

All employees pay member contributions on a pre-tax basis (IRS 414(h)2). The City also is part of the Social Security System. Employees pay their share of Social security as a payroll deduction.

**Group Insurance**

City pays the employee’s portion of medical, vision, and dental insurance costs for health insurance plans offered by the City up to a maximum of \$637.54. The City shall pay for group life insurance coverage (\$100,000 policy for employee + 5,000 for eligible spouse and \$2,000 per eligible child) for employees, and contributes towards dependent health insurance coverage for family members only in the following amounts:

Employee + 1 Dependent:	\$ 601.85
Employee + Full Family:	\$1,011.20

The City provides the benefits of the Public Employees Medical and Hospital Care Act (PEMHCA) to all eligible employees at a contribution level equivalent to the cost of the PERS Select PPO plan for medical coverage. Employee Only coverage will be paid at the PERS Select PPO rate.

The City’s payment amount will include the amount set forth in the CalPERS Health Care Resolution. If an employee elects to upgrade to a different plan, the employee will pay the difference (via payroll deduction) between the plan and the PERS Select PPO. The City will continue to contribute on a monthly basis up to the maximum of the amounts shown above toward the cost of dependent care coverage for health insurance.

**Cafeteria Plan**

In accordance with IRS Code Section 125, active employees participating in the City’s full flex cafeteria plan receive a monthly flex dollar allowance to purchase benefits. The allowance is listed above under group insurance.

The monthly flex dollar allowance may be used in accordance with the terms of the cafeteria plan to purchase benefits such as medical, dental, and vision insurance coverage, or any other benefits the City may offer from time to time, or may be converted to taxable income as listed below:

If an employee has health, dental and vision insurance coverage through a spouse, dependent, or a former employer and provides proof of other coverage to the Human Resources Department, the employee may elect to waive the City’s health insurance coverage and elect to use flex dollars, equal to \$500.00 per month which when elected is taxable income.

**Employee Assistance Program**

The City shall pay the Employee Assistance Program premium with a minimum of five clinical consultations per incident.

**Deferred Compensation**

The City will contribute up to \$115 per month maximum for employees who participate in one of two existing deferred compensation plans, matched on a dollar-for-dollar basis.

**Long-Term Disability**

City paid premium.

**Short-Term Disability**

Employee paid California State Disability Insurance (SDI) as a payroll deduction.

<u>July 1, 2018</u>	Exempt	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
Senior Engineer	*	6926	7272	7636	8018	8419	8840
Capital Improvement Project Manager	*	6735	7072	7426	7797	8187	8596
Senior Planner	*	6497	6822	7163	7521	7897	8292
City Clerk/Executive Assistant	*	6367	6685	7019	7370	7739	8126
Assistant Administrative Services Director	*	6102	6407	6727	7063	7416	7787
IT Specialist	*	5926	6222	6533	6860	7203	7563
Building Official	*	5792	6082	6386	6705	7040	7392
Accountant	*	5306	5571	5850	6143	6450	6773
Public Works Supervisor	*	5130	5387	5656	5939	6236	6548
Management Analyst/Human Resources		4675	4909	5154	5412	5683	5967
Administrative Analyst (Confidential)		4201	4411	4632	4864	5107	5362
Deputy City Clerk/Administrative Specialist (Confidential)		3890	4085	4289	4503	4728	4964

<u>July 1, 2019</u>		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
Senior Engineer	*	7065	7418	7789	8178	8587	9016
Capital Improvement Project Manager	*	6870	7214	7575	7954	8352	8770
Senior Planner	*	6627	6958	7306	7671	8055	8458
City Clerk/Executive Assistant	*	6494	6819	7160	7518	7894	8289
Assistant Administrative Services Director	*	6224	6535	6862	7205	7565	7943
IT Specialist	*	6045	6347	6664	6997	7347	7714
Building Official	*	5908	6203	6513	6839	7181	7540
Accountant	*	5412	5683	5967	6265	6578	6907
Public Works Supervisor	*	5233	5495	5770	6059	6362	6680
Management Analyst/Human Resources		4769	5007	5257	5520	5796	6086
Administrative Analyst (Confidential)		4285	4499	4724	4960	5208	5468
Deputy City Clerk/Administrative Specialist (Confidential)		3968	4166	4374	4593	4823	5064

<u>July 1, 2020</u>		<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>	<u>F</u>
Senior Engineer	*	7206	7566	7944	8341	8758	9196
Capital Improvement Project Manager	*	7007	7357	7725	8111	8517	8943
Senior Planner	*	6760	7098	7453	7826	8217	8628
City Clerk/Executive Assistant	*	6624	6955	7303	7668	8051	8454
Assistant Administrative Services Director	*	6348	6665	6998	7348	7715	8101
IT Specialist	*	6166	6474	6798	7138	7495	7870
Building Official	*	6026	6327	6643	6975	7324	7690
Accountant	*	5520	5796	6086	6390	6710	7046
Public Works Supervisor	*	5338	5605	5885	6179	6488	6812
Management Analyst/Human Resources		4864	5107	5362	5630	5912	6208
Administrative Analyst (Confidential)		4371	4590	4820	5061	5314	5580
Deputy City Clerk/Administrative Specialist (Confidential)		4047	4249	4461	4684	4918	5164