



CITY OF POMONA COUNCIL REPORT

May 7, 2018

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted by: Linda Matthews, Human Resources/Risk Management Director

Subject: **Adoption of Resolutions Amending the Personnel Rules and Regulations for Executive Management Group A and B Employees and Mid-Management Library Group C-2 Employees; Adopting a New Part-time Management/Confidential Compensation Plan; and Amending the Fiscal Year 2017/18 Operating Budget to Implement Compensation Changes for Unrepresented Employees**

OVERVIEW

Recommendations - That the City Council adopt the attached resolutions:

1. Amending the Rules and Regulations for Executive Management Group A and B employees to increase compensation and update other provisions.
2. Amending the Rules and Regulations for Unrepresented Mid-Management Library Group C-2 Employees to increase compensation and update other provisions.
3. Adopting a New Part-time Management/Confidential Compensation Plan including new classifications, salary increases, and minimum wage adjustments.
4. Amending the Fiscal Year (FY) 2017-2018 Adopted Operating Budget by appropriating \$73,700 from the General Fund Reserves and \$63,560 from fund balance of Other Funds as presented in Exhibit A.

Fiscal Impact- The estimated cost of the proposed actions for FY 2017/18 is \$137,259 for all funds, of which \$73,700 is from the General Fund. A significant portion of the cost for all funds is from one-time payments of \$62,920. Necessary budget amendments for FY 2017/18 for all funds are included in the attached budget resolution. The cost for General Fund operations will be taken from the General Fund Reserves. Costs for FY 2018/19 will be included in the FY 2018/19 Operating Budget. The estimated cost for FY 2018/19 is \$152,246 for all funds, of which \$85,903 is from the General Fund.

Previous Council Action – None

EXECUTIVE SUMMARY

Approval of this action will implement compensation increases for all unrepresented employees in the City, including the City Manager and City Clerk, with comparable terms to those terms

represented non-sworn employees are receiving as a result of labor negotiations. The compensation adjustments for full-time unrepresented Group A and B employees include the following key economic terms: salary increases of 2% effective October 2017 and October 2018; one-time payments each fiscal year of the agreement of \$2,400 for employees with two-party or family health insurance coverage and \$2,000 for employees with single coverage or who waive health insurance; and caps Cash-in-Lieu payments at \$700 per month. For Group C-2, Unrepresented Library Mid-Management Employees, it provides for salary increases of 2% in October 2017 and 2018; no other terms have been updated because there are no incumbents currently in this group. This action also creates a new compensation plan for managerial, supervisory and confidential part-time employees who are excluded from the Part-time General Unit represented by Teamsters Local 1932. In addition, other non-economic provisions have been updated.

DISCUSSION

This action authorizes comparable salary increases to unrepresented employees that were recently negotiated with other non-sworn groups. Unrepresented employees include Executive Management Group A and B employees, Library Mid-Management Group C-2 (currently there are no incumbents in this group) and part-time managerial and confidential employees. Although there is no end date of unrepresented plans because they can be changed at any time by City Council, the proposed changes are intended to cover the period of July 1, 2017 through September 30, 2019.

The key economic provisions extended to Group A and B Executive Employees, which also include the City Clerk and City Manager, are listed below.

Provision	Change
Salary	October 1, 2017 – 2% increase (retroactive) October 1, 2018 – 2% increase
One-time Payments	FY 2017/18 - \$2,400 for two-party or family medical coverage and \$2,000 for waive or single medical coverage FY 2018/19 – same as FY 2017/18

To limit future compensation, the Cash-in-Lieu provisions are modified to include a cap of \$700 per month to the Cash-in-Lieu payment. Currently the Cash-in-Lieu provision is provided to employees who waive medical coverage. For Group A and B employees and City Council members the amount is based upon the average of the single coverage premiums for health insurance plans offered through CalPERS. The Cash-in-Lieu amount adjusts each year and for 2018 is \$615.25. The cap of \$700 per month will ensure that the Cash-in-Lieu amount does not exceed the static \$700 health allotment provided to employees who enroll in the CalPERS health insurance plans. In addition, a change was made to vacation accrual rate provisions. Currently, Group A employees are automatically placed at the current accrual rate based upon their years of public service. The language has been changed to allow the City Manager to provide a higher accrual rate not to exceed the years of public service, which allows the vacation accrual rate to be a term negotiated at time of hire or promotion and a higher vacation accrual rate would no longer be automatically granted.

The amendment for the A and B Rules also includes minor language changes that do not have economic impacts. One such modification is changing the name of the document from

“Personnel Rules and Regulations” for Executive Management Group A and B” to “Compensation Plan.” Finally, a few dates have been updated and other non-substantive language modifications have been made.

The Group C-2 Rules are for part-time managerial positions that used to be assigned to the Library. These positions are not filled and the changes to the C-2 Rules do not impact any current employees. However the same 2% salary increases that applied to the other groups have been applied to the Group C-2 Rules so that the salary ranges are current should the City choose to fill the positions in the future.

This action also creates a Part-time Management/Confidential Compensation Plan. In March 2017, Teamsters Local 1932 petitioned to represent all non-supervisory and managerial part-time employees. In September 2017, the Public Employment Relations Board certified the new bargaining unit and excluded managerial, supervisory and confidential part-time employees. This new compensation plan covers approximately 20 part-time hourly employees that are excluded from the represented bargaining unit. The existing classifications of Community Services Specialist III and Management Consultant are being moved to this unit. Four Library-specific classifications are being created: Library Operations Manager, Library Circulation Supervisor, Library Reference Supervisor, and Library Technical Services Supervisor. These classifications address the managerial and supervisory duties performed by part-time employees.

Confidential employees are also included in the unit. A confidential employee is defined as “any employees whose duties would give the employee access to decisions concerning city employer-employee relations, or who enters into the decision-making process of the city concerning any matter relating to employer-employee relations.” Five classifications have been created to address potential confidential employees that might be assigned to this unit: Intern (Confidential); Office Assistant I and II (Confidential); and Technical Specialist I and II (Confidential). Currently, there are only four confidential positions and all are assigned to the Human Resources Department.

The Part-time/Management Confidential Plan includes the following compensation increases:

- Retroactive to October 1, 2017 – 2% salary increase for incumbents with no change to salary ranges;
- Effective May 13, 2018 – Establish new classifications and rates and adjust the minimum rate for Community Services Specialist III to \$14.01 per hour due to compaction from the State minimum wage rate increase in January 2018;
- Effective October 1, 2018 – 2% salary increase to all salary ranges and employees; and
- Effective December, 23 2018 – Modify minimum hourly rate for Intern (Confidential) to \$12.00 to maintain consistency with the State minimum wage and increase the minimum hourly rate of Community Services Specialist III hour to \$15.17 per hour to avoid compaction due to the minimum rate increase.

The compensation adjustments balances the fiscal pressures facing the City as well as the need to provide a competitive compensation plan to ensure the City can recruit and retain qualified employees. All City employees made significant concessions from 2009 through 2014 as a result of the Great Recession. Among other concessions, there were no general salary increases from 2009 through 2013, employees were on reduced work schedules ranging from 5% to 10% cut in hours and pay and began paying 7% in retirement contributions, which the City previously paid on their behalf. In the 2014-2016 MOU, the furloughs were eliminated. This unit received general salary increases totaling 7% from 2014 through October 2016, which is essentially

equivalent to the 7% increase in retirement contributions made by employees that was implemented during the recession.

The State minimum wage increased from \$10.50 in January 2017 to \$11 per hour in January 2018, and will rise to \$12 per hour in January 2019, a 14% increase over two years. The salary increases of 2% each year assist with general cost of living increases and will help minimize compaction issues from the rising minimum wage rates.

Full-time unrepresented employees have absorbed all but \$25 per month of the increases in health premiums since 2005. Out-of-pocket costs for family medical coverage now range from \$351 to \$1,051 per month. The one-time payments will provide additional compensation without committing to long-term on-going costs.

Attachment 1 includes the amended Compensation Plan for Executive Management Group A and B employees with all of the language changes. Attachment 2 includes the Personnel Rules and Regulations for C-2 Employees with the new salary increases. New language is underlined and old language is shown with a strikethrough. Attachment 3 is the new Part-time Management/Confidential Compensation Plan, with changes from the existing Part-time Compensation Plan shown. Attachment 4 includes the FY 2017/18 budget amendments associated with this action.

Attachments:

1. City Council Resolution amending the Personnel Rules and Regulations for Executive Management Group A and B Employees
Exhibit A – Personnel Rules for Executive Management Group A and B
2. City Council Resolution amending the Personnel Rules and Regulations for Unrepresented Mid-Management Library Group C-2 Employees
Exhibit A – Personnel Rules for Unrepresented Mid-Management Library Group C-2
3. City Council Resolution adopting Part-time Management/Confidential Compensation Plan
Exhibit A – Part-time Management/Confidential Compensation Plan
4. City Council Resolution amending the FY 2017/18 Operating Budget
Exhibit A – FY 2017-18 General Fund and Non General Fund Unrepresented Groups Impacts to Operating Budget