



# CITY COUNCIL AGENDA REPORT

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MEETING DATE: April 1, 2008

ITEM NUMBER: VI - 8

**SUBJECT:** ADOPTION OF THE SALARY ADJUSTMENTS FOR EXECUTIVE CLASSIFICATIONS, UNREPRESENTED CONFIDENTIAL AND PART-TIME EMPLOYEES

**DATE:** March 17, 2008

**FROM:** ADMINISTRATIVE SERVICES DEPARTMENT/HUMAN RESOURCES DIVISION

**PRESENTATION BY:** TERRI L. CASSIDY, HUMAN RESOURCES MANAGER

**FOR FURTHER INFORMATION CONTACT:** TERRI L. CASSIDY, AT (714) 754-5115

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## **RECOMMENDATION:**

1. Adopt Resolution Number 08 - \_\_\_\_ (Attachment I) which implements salary range adjustments for executive job classifications (Directors and Managers).
2. Adopt Resolution Number 08 - \_\_\_\_ (Attachment II) which implements salary range adjustments for confidential job classifications.
3. Adopt Resolution Number 08 - \_\_\_\_ (Attachment III) which implements salary range adjustments for part-time job classifications.
4. Approve Budget Adjustment BA 08-049 (Attachment IV) for \$362,925, to appropriate funds for the above-listed salary adjustments.
5. Adopt Council Policy 300-2 Auto and Severance (Attachment V) which revises the auto allowance for executives.
6. Adopt Council Policy 300-7 Adjustments to Employee Compensation (Attachment VI) which revises the methodology for employee compensation.

## **BACKGROUND:**

The City's Employer-Employee Relations Resolution (95-63), authorized under Government Code Section 3500 (Meyers-Milias-Brown Act) designates that managerial and confidential employees have separate designations from the Exclusively Recognized Employee Organizations or bargaining units. Directors, managers and confidential employees are considered "Unrepresented" and therefore do not participate in a Meet and Confer process to determine wages, hours and other terms and conditions of employment.

Traditionally, these groups have been afforded an opportunity to Meet & Consult with the City of Costa Mesa's designated negotiators lead by the City Manager in a more informal setting. As a result of these discussions, written submissions and in reviewing the salary and benefits (total compensation) of surrounding comparable agencies,

recommendations are made via resolutions to the City Council for adoption. These groups, along with the part-time classifications, do not have a Memorandum of Understanding (contract) and thus, the resolutions are more lengthy as they explain the benefits adopted along with the salaries for the specified period. These have historically become effective on September 1 of each year, the same date as the Memoranda of Understanding go into effect for the Costa Mesa Police Association (CMPA), Costa Mesa Police Management Association (CMPMA) and the Costa Mesa City Employees' Association (CMCEA).

The City has applied basically the same compensation methodology recently utilized with represented employees (CMFA (Costa Mesa Firefighters' Association), CMPA, CMPMA, CMCEA) in determining new salary ranges for unrepresented executive, confidential and part-time classifications. This approach is consistent with statements in the City Council Policy 300-7 Adjustments to Employee Compensation that indicate that this is applied for equity reasons and to remain competitive in the marketplace for recruitment/retention. In addition, staff is submitting for adoption revised Council Policy 300-7 and the Auto and Severance Council Policy 300-2. During 2008 and subsequent years, salaries will be carefully surveyed annually and adjustments made to bring Costa Mesa to the average of the marketplace, which is directly based upon the economic health/climate of the City of Costa Mesa subject to the fiscal ability defined in Council Policy 300-7 to support these adjustments.

#### **ANALYSIS:**

The following list highlights some aspects of the discussions this year that reflected important interests to both the City Council and City Manager as well as to the unrepresented executive and confidential employees.

- An agreement to set a cap on the vacation accrual rate at each accrual level (1-3 years, 3-5 years, etc.) and cease additional accruals once the cap is reached. This agreement replaces the current vacation payout practice and was negotiated into all of the MOUs with recognized bargaining units recently.
- In exchange for the cap, add a 20+ year vacation accrual rate.
- Parties agree to implement procedures to amend the *CalPERS* Miscellaneous Plan to provide Government Code §21354.4 (2.5@55) retirement benefits to be effective on or about October 1, 2008. Pursuant to *CalPERS* regulations, this new formula will apply to all employees that are in active status on the date this amendment takes effect
- The *CalPERS* regulations require that all (represented and non-represented) miscellaneous employees agree to the implementation of a benefit requiring changes in the employee/employer contribution amount. The City Council has directed the employees pay the entire cost (based upon the most current actuarial information prior to adoption of the *CalPERS* contract amendment) and therefore, a city-wide election and concurrence for a salary reduction of 1% as of September 1, 2007 and approximately 2.6% as of September 1, 2008 must be held to see if a majority of the miscellaneous employees agree to these terms.
- The parties agreed to replace the prior "affordability" concept (Chapman report and CPI factors as referenced in MOUs and City Council Policy 300-7) with a financial hardship clause based upon the City of Costa Mesa's economic health. Any salary moratorium that is triggered based upon review of revenue sources will be subject to a reopener discussion between the parties on or about September 1 of each contract year. This is the same language used in the CMFA, CMPA, CMPMA and CMCEA agreements.

- Effective January 1, 2008, the City's contribution toward each confidential employee's flexible benefit account will increase by \$125.00 per month, to \$799.00.
- Eliminate the medical waiver fee for employees who provide appropriate proof of other medical insurance coverage during annual Open Enrollment for benefits. This was also included in the CMFA, CMPA, CMPMA and CMCEA MOU's.
- Increase the tuition reimbursement amount from \$1,000 to \$1,250 per year to reflect the increased costs in classes and college/university fees.
- Add American Sign Language as qualifying for bilingual pay, subject to proof of competency.

The adjustment of the executive salary ranges does not automatically increase the salaries for the executives in those classifications. The adopted resolution provides the City Manager with the ability to grant salary adjustments to executive managers deemed deserving based upon their evaluated performance. This will be done only upon certification by the executive's supervisor that confirms continued meritorious service in tandem with performance. The executive salary resolution also changes the Management Information Services Manager title to Information Technology Manager to more accurately reflect industry comparability.

The confidential salary resolution includes those classifications which have access to or involvement with information that effects employee relations. This unrepresented unit was originally approved by City Council in 2005. As indicated in Government Code Section 3507.5 (Meyers-Milias-Brown Act), an agency may designate confidential employees as a unit separate from non-management or non-confidential employees, as long as the designation is reasonable. This resolution revises the Secretary to the City Manager title to Executive Assistant to the City Manager to more accurately reflect comparable title with the marketplace and the duties performed by the incumbent. Part-time salary ranges and corresponding salary resolution was established utilizing the same compensation methodology consistently used for all City employees and ensures compliance with state and federal minimum wage laws.

#### **ALTERNATIVES CONSIDERED:**

No other alternatives were considered because the recommendations are consistent with Council Policy 300-7 and salary increases recently implemented for all City employees.

#### **FISCAL REVIEW:**

The attached budget adjustment BA 08-049 appropriates \$362,925 (\$355,173 from Undesignated Fund Balance in the General Fund and \$7,752 from Undesignated Fund Balance in the Self Insurance Fund) to fund the market salary adjustments retroactive to August 19, 2007. The estimated annual budget impact of these adjustments to both funds is \$433,038 - \$344,858 in salaries and \$88,180 in related benefits.

#### **LEGAL REVIEW:**

The City Attorney has reviewed the documents and approved them as to form.

**CONCLUSION:**

Staff recommends that the Council adopt the attached resolutions that implement annual salary range adjustments retroactive to August 19<sup>th</sup>, 2007 and is available should the City Council have any questions on the above material.

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TERRI L. CASSIDY  
Human Resources Manager

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STEPHEN N. MANDOKI  
Director of Administrative Services

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MARC R. PUCKETT  
Director of Finance

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KIMBERLY HALL BARLOW  
City Attorney

DISTRIBUTION: City Manager  
Assistant City Manager  
City Attorney  
Finance Director  
City Clerk

ATTACHMENTS: I [040108 Executive Salary Resolution #08 -](#)  
II [040108 Confidential Salary Resolution #08 -](#)  
III [040108 Part-Time Salary Resolution #08 -](#)  
IV [040108 Budget Adjustment 08-049](#)  
V [040108 Council Policy 300-2](#)  
VI [040108 Council Policy 300-7](#)