

**City of Garden Grove**  
**INTER-DEPARTMENT MEMORANDUM**

To:	Matthew J. Fertal	From:	John D.R. Clark
Dept:	City Manager	Dept:	Human Resources
Subject:	APPROVE RESOLUTION IMPLEMENTING WAGES, TERMS AND CONDITIONS OF EMPLOYMENT FOR "CENTRAL MANAGERS"		
		Date:	May 12, 2009

OBJECTIVE

This letter requests City Council approval for a resolution implementing wages, terms and conditions of employment for the City's "central managers," i.e., department heads.

BACKGROUND

The tradition for some years has been to extend the wage and benefit provisions afforded to the Orange County Employee's Association (OCEA) and the OCEA Employee's League to central managers, with a few exceptions peculiar to their status. Recognizing the difficult financial circumstances facing the City, the proposal herein is affordable and conservative.

DISCUSSION

The new Resolution provides for no (0%) salary increase throughout fiscal year 2009-10 and a salary adjustment of 2.0% in fiscal year 2010-11 and another 2% in fiscal year 2011-12. Veteran's Day is to be added as a holiday.

The Resolution also represents significant cost savings for the City. With the elimination of the Assistant City Manager and Employee Development Director positions, the City stands to save some \$670,000 in salary and benefit costs over fiscal year 2008-2009. As with the City's other units, this Resolution also provides for no (0%) increase in fringe benefit contribution. Should any of the unions exercise their reopener rights in fiscal years 2010-11 and/or 2011-2012 and receive some increase to cafeteria allotments, it would be expected that the same increase would be provided to central managers. Note that the reopeners in all cases are non-binding on the City.

*Discretionary Vacation Hours*

The Resolution also proposes allowing the City Manager to provide **up to** 80 hours of additional vacation time, on a discretionary basis, to central managers in

recognition of exceptional accomplishment and/or significant and ongoing work beyond the scope of their position. Central managers, with the exception of the Public Works Director, are clustered in the lower vacation accrual levels and thus do not usually encounter the middle manager's problem of bumping up against the accrual limit.

FISCAL IMPACT

The costs associated with the proposed Resolution are within the limits set in the City's Three-Year Financial Plan as outlined in the Council Retreat of January, 2009. This Resolution also represents significant savings because of the elimination of two represented positions.

RECOMMENDATION

It is recommended that the City Council adopt the attached resolution implementing wages, terms and conditions of employment for the City's central managers for the term of October 1, 2009 through September 30, 2012.

  
JOHN D.R. CLARK  
Director of Human Resources

**Recommended for Approval**

  
Matthew Fertal  
City Manager

Attachments:      Resolution

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE  
ESTABLISHING A SALARY PLAN FOR CERTAIN POSITIONS IN CENTRAL  
MANAGEMENT CLASSIFICATIONS AND EXEMPTING CENTRAL MANAGEMENT  
CLASSIFICATIONS FROM MUNICIPAL CODE SECTION 2.44.390 AND OVERTIME  
AND RESCINDING RESOLUTION NO. 8789-07

WHEREAS, Chapter 2.44 of the Garden Grove Municipal Code, revised, Volume 1, provides that the City Council shall by resolution: (1) establish salary ranges and salary rates and the allocation of classes thereto; and (2) set forth the classification of full-time positions in the various City departments and offices;

BE IT RESOLVED that the City Council does rescind Resolution No. 8789-07;  
and

BE IT FURTHER RESOLVED that the City Council does establish the following:

SECTION 1: CENTRAL MANAGEMENT PERSONNEL CLASSIFICATIONS

For purposes of this Resolution, Central Management positions are identified as follows:

<u>Personnel Classification</u>	<u>Salary Range</u>
Community Development Director	245
Community Services Director	240
Economic Development Director	245
Finance Director	240
Fire Chief	250
Information Technology Director	240
Human Resources Director	240
Police Chief	255
Public Works Director	245

SECTION 2: SALARY ADJUSTMENT FOR FISCAL YEAR 2010-2011

Effective the first full pay period following July 1, 2010, the salary range of each classification listed in this Resolution will be increased by two percent (2%).

SECTION 3: SALARY ADJUSTMENT FOR FISCAL YEAR 2011-2012

Effective the first full pay period following July 1, 2011, the salary range of each classification listed in this Resolution will be increased by two percent (2%).

SECTION 4: BENEFITS

Benefits and Leave Policies, as offered in the Middle Management group, will be offered to the classifications listed in this Resolution.

Central Management employees are not eligible for any education incentive programs offered by the City, but are eligible to participate in the Tuition Reimbursement Program.

Central Management employees who meet the same qualifications for the vacation buy-back provision shall have the option to use this benefit any time during the calendar year.

Central Management employees are eligible for an executive medical (physical) examination on an annual basis, to be provided by the City if requested. Central Management employees also receive the executive long-term disability insurance benefit.

#### SECTION 5: RETIREMENT

- a. Effective January 1, 1994, the employee shall begin to pay the Employee's Contribution to the Public Employees Retirement System (PERS). The City shall allow these contributions to be treated as "pick-up" in accordance with Section 414 (h) 2 of the Internal Revenue Service and applicable Government Code Sections. These "pick-up" contributions, to the extent permissible, shall be treated as deferred income to the employee for federal and state tax purposes.

The employee shall indemnify and hold the City harmless from any and all claims, demands, suits, actions, liabilities, or judgments of any kind whatsoever arising out of or in connection with the actions to be taken and/or the "pick-up" contributions to be made pursuant hereto.

Any future income tax obligations resulting from the "pick-up" contributions shall be the exclusive responsibility of the employee. In the event the Internal Revenue Service shall change its current position and determine that such contributions constitute salary, not deferred income, any resulting tax obligations shall be the exclusive responsibility of the employee and the City shall not be held responsible therefore.

- b. The City currently contracts with PERS for the following retirement formula for miscellaneous employees:
  - 1) Section 21354.4 (2.5% at 55 Full formula for local miscellaneous members – Active members only)
  - 2) Section 20024.2 (Highest Year)
  - 3) Section 20862.8 (Credit for Unused Sick Leave)
  - 4) Employees pay the entire Employee Contribution.

- c. Miscellaneous employees pay a total of eight percent (8%) Employee Contribution for the 2.5% at 55 Full formula.
- d. The City currently contracts with PERS to provide the following benefit to the Public Safety retirement plan, for sworn Police and Fire management employees:
  - 1) Section 21362.2 (3% at 50 Full formula for local Public Safety members)
  - 2) Section 20024.2 (Highest Year)
  - 3) Section 20862.8 (Credit for Unused Sick Leave)
  - 4) Sworn Public Safety Management employees pay the entire Employee Contribution.

#### SECTION 6: ADDITIONAL ASSIGNMENT PAY

The City Manager may authorize additional compensation of up to five percent (5%) over base pay to an employee who has assumed additional job duties due to a vacant position, long-term leave of absence, or a reorganization. The duration of this additional pay shall be at the sole determination of the City Manager.

#### SECTION 7: POSITIONS EXEMPT FROM FLSA

Employees in Central Management classifications are designated as exempt from the provisions of the Fair Labor Standards Act (FLSA). Those employees who have used all their accrued leave benefits and are absent for less than one (1) day, shall not have that time treated as an absence without pay. Employees in this category shall be subject to disciplinary actions involving unpaid time off in accordance with FLSA regulations.

#### SECTION 8: ADMINISTRATIVE LEAVE

The Central Management positions listed in this Resolution shall be exempt from all overtime provisions contained in the Municipal Code or in any Memorandum of Understanding. The provisions of Administrative Leave for Middle Management will also be offered to the classifications listed in this Resolution.

#### SECTION 9: EXEMPT CENTRAL MANAGEMENT CLASSES

All classes listed in this Central Management Salary Plan Resolution shall be designated as exempt and be considered to be exempt from the provisions of the Municipal Code Section 2.44.390.

The appointment and removal of Department heads and the primary assistants in the City Manager's Office are governed by the Municipal Code Section 2.08.100.

#### SECTION 10: CITY AUTOMOBILE USAGE

Central Management employees may be assigned a City vehicle by the City Manager to conduct city business in accordance with the Administrative Regulations. The City Manager may, in lieu of assigning a City vehicle, provide the employee with an allowance equal to the City's budgeted equipment rental rate for a standard sedan.

Those employees assigned a City-owned vehicle to conduct City business, may also use the vehicle for private purposes in accordance with the Administrative Regulations.

#### SECTION 11: SPECIAL VACATION ALLOWANCE

The City Manager, in his sole discretion, may authorize a central management employee to receive up to 80 additional vacation hours each fiscal year to recognize exceptional accomplishment and/or significant and ongoing work beyond the scope of their position. Such special vacation shall not affect the employee's vacation accrual rate.

#### SECTION 12: EFFECTIVE DATE

The provisions of this Resolution shall be effective July 1, 2009 through June 30, 2012.

Adopted this 12<sup>th</sup> day of May, 2009

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WILLIAM J. DALTON  
Mayor

*ATTEST:*  
KATHLEEN BAILOR, City Clerk

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