

City of Garden Grove
INTER-DEPARTMENT MEMORANDUM

To:	Matthew J. Fertil	From:	John D.R. Clark
Dept:	City Manager	Dept:	Human Resources
Subject:	APPROVE RESOLUTION IMPLEMENTING WAGES, TERMS AND CONDITIONS OF EMPLOYMENT FOR "MIDDLE 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 "middle managers," i.e., full-time non-union employees with the exception of 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 middle 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 potential cost savings for the City. 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 middle managers. Note that the reopeners in all cases are non-binding on the City.

Equity Adjustments

There are a few provisions unique to this group. The first is equity increases for eight classifications. Equity increases are class-specific increases to salary range to insure a given job stays comparable to our standard market comparators (i.e., Anaheim, Buena Park, Costa Mesa, Fullerton, Huntington Beach, Irvine, Newport Beach, Orange, Santa Ana, Westminster), which Garden Grove defines as being

within 5% of the median of these ten cities. In 2006, a number of equity increases were granted to OCEA and OCEA Employee's League classifications to "catch them up" to the market. Some classes were given 10% increases and others 5%. These equity increases were over-and-above the COLA (Cost of Living Allowance), or "across the board" increases given to all union members.

Similarly, early versions of the 2006 Middle Management Resolution contained equity increase provisions for eight classifications found to be more than 5% below the median. The 2006 Resolution also contained a provision for a City contribution to each employee's deferred compensation account ("457") in lieu of a portion of their COLA. This provision did not find favor with the City Council of the time and was scrapped in favor of a simple across-the-board COLA for all classes. This amendment was effected at the last minute during a City Council meeting and, unfortunately, time was not available to recast the Resolution to include the equity increases. Sentiment among some members of the City Council at that time was to "leave this issue for the next round" (i.e., 2009).

Therefore, it is necessary to correct these inequities in the present Resolution. The fact that OCEA members in some classes received equity increases of 5% or 10% over the course of the 2006-2009 contract has created some unfair and peculiar salary relationships, for example, Senior Accountant (a high-level non-supervising professional class represented by OCEA) is now paid 2% more than Accounting Supervisor, a non-union middle management class that is supposed to be paid more. To rectify the 2006 error, the following classes are proposed to receive 5% equity increases:

- Finance Manager
- Administrative Secretary
- Community Services Supervisor
- Division Manager
- Facilities Manager
- Housing Supervisor
- Accounting Supervisor
- Project Engineer

There are 14 employees in these eight classes, and the cost represents about a half a percent of payroll (0.49%). Because of lean times, these are the only equity increases proposed in the entire City workforce.

New Classifications

A City-wide classification study was undertaken in 2008 to determine the correct classification of what might be termed the "professional utility infielders" of the City.

These are the professional people – mostly now classified as Administrative Analysts and Senior Administrative Analysts – who perform a wide variety of high-level support and special project work for departments including, but not limited to, budget development and monitoring; departmental purchasing and personnel liaison; research, analysis and report-writing; grant writing; procedure development; and regulatory compliance and reporting.

In the course of this study, it became apparent that many employees classified as analyst are not well-described by this classification. In reality, these employees are program specialists, a position of equal difficulty and rank with analyst but focused more narrowly on the needs, requirements and administration of a single program or sub-program (e.g., Community Development Block Grants, "CDBG"). To better classify this group of employees, it is proposed that two new classifications be created, Program Specialist and Senior Program Specialist, set equal in salary and benefits to Administrative Analyst and Senior Administrative Analyst. Because of the equivalent salary relationship, there is no fiscal impact.

Vacation Carryover

Presently, employees are allowed to "carryover" (i.e., maintain in balance) up to twice the amount of their annual vacation. Thus, an employee entitled to three weeks of vacation per year can maintain a balance of six weeks vacation. If an employee reaches that balance, he no longer accrues new vacation time until he uses some vacation and reduces his balance below the limit. The maximum amount of vacation anyone can earn is 246 hours/year (6.15 weeks), which only occurs for 25 year+ employees.


Because of the increasing number of vacant positions the City is carrying to save money, taking vacation time is becoming harder for middle managers. While middle managers can "sell back" part of their vacation time, they still must always maintain at least two weeks in their balance, and we have had a number of employees hit their balance maximum (and thus stop accruing) in the past year. Accordingly, the Resolution proposes allowing middle management employees to carryover an additional 40 hours (1 week) of vacation every year.

FISCAL IMPACT

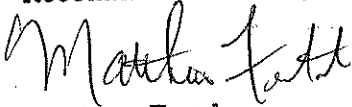
The costs associated with the proposed Resolution are within the limits set in the City's Three-Year Financial Plan as outlined in the Council Retreat of January, 2009.

RECOMMENDATION

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


JOHN D.R. CLARK
Director of Human Resources

Attachments: Resolution

Recommended for Approval

Matthew Fertal
City Manager

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE APPROVING SALARY, WAGES, AND FRINGE BENEFITS FOR MIDDLE MANAGEMENT EMPLOYEES OF THE CITY OF GARDEN GROVE AND ESTABLISHING A SALARY PLAN AND EXEMPTING MIDDLE MANAGEMENT CLASSIFICATIONS FROM MUNICIPAL CODE SECTION 2.44.390 AND OVERTIME AND RESCINDING RESOLUTION NO. 8788-07

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;

NOW, THEREFORE, BE IT RESOLVED that the City Council does rescind Resolution No. 8788-07; and

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

SECTION 1: MANAGEMENT RECOGNITION

This Resolution relates to Middle Management (Supervisory and Administrative) classifications. Fringe benefits, leave policies, and the tuition reimbursement program as offered in the Memorandum of Understanding of the group(s) supervised, will be offered to the classifications listed in this Resolution. Limitations, changes or modifications to these items shall be stated in this resolution.

SECTION 2: MIDDLE MANAGEMENT PERSONNEL CLASSIFICATIONS

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

<u>Personnel Classification</u>	<u>Salary Range</u>
Accounting Supervisor	M176
Administrative Analyst	M150
Administrative Secretary	M162
Assistant to the City Manager	M186
Benefits Supervisor	M171
Budget Manager	M194
Building Services Manager	M215
Business Tax Supervisor	M166
Cable Production Supervisor	M166
Chief of Collections	M171
City Clerk	M199

<u>Personnel Classification</u>	<u>Salary Range</u>
City Engineer	M224
Community Services Supervisor	M176
Custodial Supervisor	M160
Deputy City Clerk	M157
Deputy Director	M215
Division Manager	M204
Economic Development Manager	M215
Environmental Services Manager	M204
Facilities Manager	M204
Finance Manager	M204
Fire Battalion Chief	M220.2
Fire Division Chief	M230.2
Housing Supervisor	M171
Information Services Manager	M220
Permit Center Supervisor	M174
Personnel Analyst	M150
Planning Services Manager	M215
Police Communications Manager	M186
Police Fiscal Analyst	M171
Police Records Manager	M186
Police Services Supervisor	M166
Principal Accountant	M181
Principal Administrative Analyst	M186
Principal Personnel Analyst	M186
Program Specialist	M150
Project Engineer	M204
Project Planner	M186
Public Works Foreman	M155
Public Works Supervisor	M176
Purchasing Agent	M191
Real Property Manager	M199
Revenue Manager	M194
Senior Administrative Analyst	M166
Senior Civil Engineer	M211
Senior Information Technology Analyst	M194
Senior Personnel Analyst	M166
Senior Planner	M194
Senior Project Planner	M194
Senior Program Specialist	M166
Streets Division Manager	M199
Supervising Building Inspector	M179

<u>Personnel Classification</u>	<u>Salary Range</u>
Traffic Engineer	M211
Utilities Revenue Supervisor	M166
Water Services Manager	M215

SECTION 3: 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 4: 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 4.5: FIRE MANAGEMENT

Notwithstanding the provisions above in Section 3 and Section 4, the classifications of Fire Battalion Chief and Fire Division Chief shall not be subject to the salary increases contained therein. An amendment covering these classifications will be brought forward for City Council consideration at a later date.

SECTION 5: CARRYOVER OF VACATION BALANCE

Middle Management employees may carry a vacation balance equal to twice their annual accrual plus 40 hours. The Director of Human Resources may authorize a temporary suspension of this limit for good cause.

SECTION 6: RETIREMENT

- a. Effective January 1, 1994, the employee shall 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 benefits to the miscellaneous retirement plan:
 - 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, to 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 7: 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 re-organization. The duration of this additional pay shall be solely the determination of the City Manager.

SECTION 8: EDUCATION INCENTIVE

Employees in the classifications of Fire Battalion Chief, Fire Division Chief, Police Lieutenant and Police Captain are no longer eligible for the Education Incentive Program.

Effective January 1, 1999, all other Management employees not already qualifying and receiving benefits in the Education Incentive program shall no longer be eligible for that program. Any management employee receiving these benefits may participate in the Tuition Reimbursement program; however, they then are no longer eligible to participate and receive Education Incentive pay under this program.

SECTION 9: TUITION REIMBURSEMENT

All Management employees are eligible to participate in the Tuition Reimbursement Program.

SECTION 10: FRINGE BENEFITS

a. Cafeteria Benefit

For Middle Management employees enrolled in the cafeteria benefit plans, the monthly City contribution shall be a composite rate of \$858.50. Should another unit receive an increase in their monthly City contribution to composite rate, the same increase, on either a percentage or dollar amount basis, may be provided to Middle Management employees if authorized by the City Manager. The distribution of this monthly composite rate into tiers (e.g., single, two-person, family, and waiver) shall be determined annually by the City Manager.

b. Health Insurance

The City shall contribute on behalf of each employee and each eligible retiree, the PERS mandatory amount per month toward the payment of premiums for health insurance under the PERS Health Insurance program. For calendar year 2006, the amount is \$64.60, for 2007 the amount will be \$80.80, and for 2008 the amount will be \$97.00. Beginning January 2009, the amount will be adjusted annually to reflect any change in the medical care component of the Consumer Price Index. This amount is included in the Cafeteria Benefit contribution listed in (a) above.

Retiring employees and their dependents shall have available the ability to continue to participate in the PERS Health Insurance program. The eligibility of participation shall be determined by the PERS program.

c. Long-Term Disability

The plan will provide up to 2/3 of base salary after the employee has been disabled for 60 calendar days or has used all accrued sick leave, whichever is longer.

d. Retiree Healthcare Reimbursement Plan

Middle Management employees are eligible to participate in the City's Retiree Healthcare Reimbursement Plan.

e. Vacation Buy-Back

Middle Management employees who have taken a minimum of eighty (80) hours of vacation time off (which may include up to 40 hours administrative leave) in the previous calendar year and have a minimum of eighty (80) hours of vacation retained on account may receive, at the employee's option, a cash payment for any vacation amount in excess of those eighty (80) hours retained at any time during the calendar year.

f. Sick Leave Sell Back/Payoff

Middle Management employees who are eligible and meet the same conditions for annual sick leave sell back as other employees shall receive \$.70 on the dollar based upon the pay rate in effect as of June 30.

At retirement, Middle Management employees shall be paid off at the 50% rate for all accumulated, but unused sick leave. At the written request of the employee, 100% of accumulated but unused sick leave hours may be used toward the extension of his or her service period under PERS rules and no payout will occur.

SECTION 11: FIRE DEPARTMENT LEAVE BENEFITS

Sworn Fire Management employees shall receive the same holiday benefits as other Management employees, based upon their workweek schedules, except those employees regularly assigned to Fire Suppression. Fire Management is not covered under the same "Annual Leave Program" as the Fire Unit. The vacation and sick leave accruals are the same as other managers and are adjusted for those assigned to a 56-hour shift schedule.

SECTION 12: POSITIONS EXEMPT FROM FLSA

Employees in Middle Management positions are designated as exempt from the provisions of the Fair Labor Standards Act (FLSA) except as determined by the City Manager. Employees in the classifications of Administrative Secretary, Deputy City Clerk and Public Works Foreman are determined as non-exempt for FLSA purposes.

Sworn Fire Battalion Chiefs regularly assigned to Fire Suppression shall be eligible to receive overtime pay, at time and one-half the base hourly rate, for hours worked for extra shifts (e.g., to cover absences) in addition to the employee's normal work schedule.

Those exempt Middle Management 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 13: ADMINISTRATIVE LEAVE

The Middle Management positions listed in this resolution shall be exempt from all overtime provisions contained in the Municipal Code or in any Memorandum of Understanding in the group(s) supervised, except as specifically authorized by the City Manager.

Employees in Middle Management positions shall receive forty (40) hours of Administrative Leave each January. Upon the recommendation of the department director, the City Manager may approve additional Administrative Leave hours, not to exceed forty (40) hours, for employees involved in extraordinary major projects or assignments. The granting of additional leave time shall be at the sole determination of the City Manager.

Sworn Fire Battalion Chiefs regularly assigned to Fire Suppression shall instead receive forty (40) hours of Administrative Leave each January and will not be eligible to receive any additional leave hours.

Administrative Leave cannot be cashed out at any time. No employee may have more than forty (40) hours of Administrative Leave time on the books at any time without the City Manager's approval. The City Manager shall establish procedures for employees who are hired or who terminate during a calendar year.

SECTION 14: EXEMPT MIDDLE MANAGEMENT CLASSES:

All classes listed in this Middle 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 Division heads and the primary assistants in the City Manager's Office are governed by the Municipal Code Section 2.08.100.

SECTION 15: EFFECTIVE DATE

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

Adopted this 12th day of May, 2009

WILLIAM J. DALTON
Mayor

Attest:
KATHLEEN BAILOR, City Clerk

By:
Deputy City Clerk