

City of Garden Grove
INTER-DEPARTMENT MEMORANDUM

To:	Matthew J. Fertal	From:	John D.R. Clark
Dept:	City Manager	Dept:	Human Resources
Subj:	Resolutions Amending Terms and Conditions of Employment for Central Managers and Middle Managers	Date:	March 13, 2012

OBJECTIVE:

This letter requests City Council approval for two resolutions implementing new terms and conditions of employment for middle managers and central managers. Specifically, these resolutions authorize furloughs, "employee buyouts" and rescind the 2% raise contemplated for July, 2012.

BACKGROUND:

The California Supreme Court's decision in *California Redevelopment Association vs. Matosantos*, which led to the dismantling of redevelopment, has caused a \$6 million projected deficit for the City in Fiscal Year 2012-13. Staff is engaged in talks with all of the employee unions on possible savings, but the City's management team feels it is important to set an example by leading the way in salary savings.

The attached resolutions accomplish three goals:

- The 2% cost-of-living increase anticipated for July, 2012 is rescinded.
- Authority is granted to the City Manager to impose a furlough.
- "Buyouts" of full-time employees is authorized.

It is anticipated that a furlough of 8 hours per month will be initiated if the City Council approves the attached resolutions. This equates to a 4.61% reduction in salary. If negotiations with other employee unions are successful, it is anticipated that City Hall and other non-24-hour facilities will close one of its two "open" Fridays each month, but in the meantime, non-union employees subject to these resolutions will take 8 hours of unpaid leave at a time convenient to their department.

These resolutions also authorize "employee buyouts," whereby full-time employees voluntarily resign their position, and waive any claims and property rights to their position, in exchange for a cash payment. Payments of \$35,000 or 35% of base salary, whichever is higher, is recommended. As all or almost all of these "bought-out" positions will be kept vacant for FY 2012-13 and beyond, the City will achieve significant salary savings even when the buyout cost is factored in.

Another key element of cost savings will be reopening the Early Retirement Incentive Program through PERS, whereby eligible employees (i.e., those over 50 but usually over 55) would receive two additional years of service credit. To avoid a situation where an employee attempts to accept a buyout and also retires during the early retirement window, the open period for the early retirement will not commence until employee buyout periods are completed. A separate resolution authorizing the early retirement will be brought to the City Council for consideration at a subsequent meeting.


FISCAL IMPACT:

Cancellation of the 2% COLA and implementation of a one-day-per-month furlough will save an estimated \$583,000 on an annual basis. Additional savings, which are difficult to forecast, are expected from the employee buyout and early retirement programs.

RECOMMENDED ACTION:

It is recommended that the City Council approve the following Resolutions:

- Resolution setting forth terms and conditions of employment for **Central Management** classifications.
- Resolution setting forth terms and conditions of employment for **Middle Management** classifications.



JOHN D.R. CLARK
Human Resources Director/City Treasurer

attachment: Resolutions

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. 8889-09 AND RESOLUTION NO. 8961-10

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. 8889-09, and Resolution No. 8961-10; 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 set forth 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
Traffic Engineer	M211
Utilities Revenue Supervisor	M166

Personnel Classification

Water Services Manager

Salary Range

M215

SECTION 3: EMPLOYEE BUYOUT

Full-time Middle Management employees may be offered a "buyout," which is defined as the payment of \$35,000 or 35% of an employee's base pay, whichever is greater, in exchange for said employee's voluntary resignation and release of all property rights in his employment, and a waiver of all claims relating to such employment and the termination thereof, if any, against the City. Such buyout will be subject to deductions and treated as taxable income pursuant to IRS regulations. The City Manager may offer this buyout to all Middle Management employees, or groups of Middle Management employees by either classification and/or department. The time period or periods for which this buyout is offered will be at the discretion of the City Manager. The City Manager or his designee shall notify in advance all employees eligible to participate in the buyout program of the program's commencement and termination dates.

To the extent permitted under the laws and regulations of the California Public Employees' Retirement System (PERS), it is the intent of the City of Garden Grove that any Middle Management employee may avail themselves of this buyout, if eligible, or the Two Years Additional Service Credit ("Golden Handshake"), permitted pursuant to Government Code section 20903, if offered, but not both.

Temporary, part-time, limited term and interim employees are not eligible to participate in the Employee Buyout. PERS Retired annuitants working part-time pursuant to Government Code §21221 or Government Code §21224 are also not eligible to participate in the Employee Buyout.

SECTION 4: EMPLOYEE FURLOUGH

The City Manager may, in his sole discretion, require Middle Management employees to take furlough time. Furlough time is defined as a set number of unpaid hours during some set period which the employee must take and not work. The furlough time may be a specified day, days, or other time period in which Middle Management employees are not permitted to work or a pre-approved unpaid time period taken at the discretion of the employee. In no event is an employee allowed to substitute or "fill in" furlough time with vacation time, sick leave, administrative leave, compensatory time, or any other form of paid time.

The Director of Human Resources shall promulgate such rules that are necessary to implement any furloughs directed by the City Manager.

SECTION 5: CARRYOVER OF VACATION BALANCE

Middle Management employees may carry a vacation balance equal to twice their annual accrual plus 120 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 at the sole 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 March 14, 2012 through June 30, 2013.

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. 8887-09 AND
RESOLUTION NO. 8960-10

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 hereby rescind Resolution No. 8887-09 and Resolution 8960-10; 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
Deputy City Manager	240

SECTION 2: EMPLOYEE BUYOUT

Full-time Central Management employees may be offered a "buyout," which is defined as the payment of \$35,000 or 35% of an employee's base pay, whichever is greater, in exchange for said employee's voluntary resignation and release of all property rights in his employment, and a waiver of all claims relating to such employment and the termination thereof, if any, against the City. Such buyout will be subject to deductions and treated as taxable income pursuant to IRS regulations. The City Manager may offer this buyout to all Central Management employees, or groups of Central Management employees by either classification and/or department. The time period or periods for which this buyout is offered will

be at the discretion of the City Manager. The City Manager or his designee shall notify in advance all employees eligible to participate in the buyout program of the program's commencement and termination dates.

To the extent permitted under the laws and regulations of the California Public Employees' Retirement System (PERS), it is the intent of the City of Garden Grove that any Central Management employee may avail themselves of this buyout, if eligible, or the Two Years Additional Service Credit ("Golden Handshake"), permitted pursuant to Government Code section 20903, if offered, but not both.

Temporary, part-time, limited term and interim employees are not eligible to participate in the Employee Buyout. PERS Retired annuitants working part-time pursuant to Government Code §21221 or Government Code §21224 are also not eligible to participate in the Employee Buyout.

SECTION 3: EMPLOYEE FURLOUGH

The City Manager may, in his sole discretion, require Central Management employees to take furlough time. Furlough time is defined as a set number of unpaid hours during some set period which the employee must take and not work. The furlough time may be a specified day, days, or other time period in which Central Management employees are not permitted to work or a pre-approved unpaid time period taken at the discretion of the employee. In no event is an employee allowed to substitute or "fill in" furlough time with vacation time, sick leave, administrative leave, compensatory time, or any other form of paid time.

The Director of Human Resources shall promulgate such rules that are necessary to implement any furloughs directed by the City Manager.

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 March 14, 2012 through June 30, 2013.