



DATE: June 27, 2017

TO: Mayor and City Council

FROM: City Manager

SUBJECT Adoption of a Resolution Approving the Amendment of the Salary and Benefits Resolution for the Unrepresented Executives, Management Employees, and Employees of the Offices of the City Manager, Human Resources and City Attorney

RECOMMENDATION

That the City Council adopts the attached Resolution amending the Salary and Benefits Resolution for the Unrepresented Executives, Management Employees, and Employees of the Offices of the City Manager, Human Resources and City Attorney.

BACKGROUND/DISCUSSION

The City's unrepresented executives, which includes the Assistant City Manager, Department Directors, and the Police and Fire Chiefs recently completed a survey regarding their compensation and benefits. The results of the survey were shared with the City Manager and used to begin discussions related to their compensation and benefits. The survey results revealed that executives want competitive salaries and benefits and are willing to contribute more toward the cost of benefits, especially to CalPERS due to increasing retirement costs. In further discussion, the executives indicated that they spend a significant amount of their own money each year to be able to meet the expectation that they are available to respond to work-related issues at all times, which often means responding from remote locations. The costs associated with being connected at all times includes but is not limited to equipment and services such as cellphones, iPads, laptops, internet, printers, ink, etc. Executives also acknowledge their role as leaders in the organization and are keenly aware of the fiscal challenges the City is facing, especially the need to reduce the growing unfunded liability for retirement benefits. The executives presented options for compensation and benefit adjustments for the City Manager to review and discuss with the City Council.

The City Manager expressed a willingness to be flexible when considering the options to address the needs of the executives while preserving the quality and level of benefits provided, addressing the City's structural deficit, providing long-term financial stability, and maintaining services to the Hayward taxpayers and community. She considered the information from the executives and a recently completed external market total compensation survey that revealed

several of the executives are below mid-market by as much as seven and a half percent (7.5%), despite the FY 2015 and FY 2016 equity adjustments. The City Manager explained to the executives that she would not be able to provide cost of living (COLA) or equity adjustments this year and indicated that she is working with Human Resources to develop a comprehensive executive performance evaluation process with an expectation that future salary adjustments would be based primarily on performance, with internal and external total compensation being a factor used to determine appropriate increases. The City Manager expressed her appreciation for the responsiveness of the executives and acknowledged the out of pocket costs associated with staying “connected,” which is only partially mitigated by the current one hundred dollars (\$100) per month cellphone stipend.

The recommended changes to the Salary and Benefits Resolution for Unrepresented Executives, Management Employees, and Employees of the Offices of the City Manager, Human Resources, and City Attorney are reflective of the discussions between the City Manager and the executives. The executives will not have a salary adjustment and will contribute an additional two percent (2%) to the CalPERS employer cost for a total cost share of five percent (5%) effective June 26, 2017. They will receive an increased stipend in FY 2018 for the purchase, maintenance, updating, etc. of personal equipment used to perform their duties and to stay connected when out of the office.

Key changes to the Resolution are highlighted in Table 1 below:

Table 1: Proposed Changes to the Salary and Benefits Resolution

Salary/Benefit	Proposed		
	Current (FY 17)	Proposed (FY 18)	Difference
Salary Adjustment	N/A	0%	0%
% PERS Employee Share	8%	8%	0%
% Cost Share (PERS) Employee paid Employer Share (Section 5.14)	3%	5%	2%
% Medical Contribution by Employee	20%	20%	0%
% Dental Contribution by Employee	20%	20%	0%
% Vision Contribution by Employee	50%	50%	0%
Monthly Personal Equipment Stipend (Section 5.17)	\$100.00	\$350.00	\$250.00
Monthly Health & Wellness Allowance	\$100	\$100	\$0
One-Time Personal Equipment Purchase Stipend (Section 5.17)	N/A	5%	5%

In addition to the above changes, the following revisions are proposed:

- Section 5.01 - Revised to reflect the current PEHMCA minimum of \$128. The PEHMCA is set by CalPERS each year and is the minimum amount the employer must contribute toward employee medical premiums.
- Section 5.12 - Revised to show the difference in benefits for Classic and New (PEPRA) CalPERS members.
- Section 8.02 - Revised for employees who are over their vacation cap to purchase excess leave at 75% of their current rate during FY 2018.
- Section 10.09 – Currently, executives have the option of purchasing forty (40) hours of vacation leave and forty (40) hours of management leave with a total cash out option of eighty (80) hours. This revision allows the purchase of any combination of management and/or vacation up to a maximum of eighty (80) hours. There is no increase in the amount of leave they are eligible for, just which leave bank it comes from.

FISCAL IMPACT

The approximate cost of the changes to the salary and benefits resolution is approximately \$114,000 as summarized below:

	FY 2018 PROJECTED	FY 2018 PROPOSED	DIFFERENCE
SALARY/CASH INCENTIVES	\$2,349,482.14	\$2,496,331.90	\$146,849.76
BENEFITS	\$1,030,187.86	\$998,252.54	-\$31,935.32
TOTAL	\$3,379,670.00	\$3,494,584.44	\$114,914.44

Prepared and Recommended by: Nina S. Collins, Director of Human Resources

Approved by:



Kelly McAdoo, City Manager