

City of Calistoga

Staff Report

TO: Honorable Mayor and City Council

FROM: Michael Kirn, Interim City Manager

DATE: January 5, 2016

SUBJECT: Adopt a Resolution to Rescind Resolution No. 2015-039 and to Consider Resolutions Approving Certain Salary and Labor Benefits for a Three Year Term between the City of Calistoga and the Unrepresented Employee Group, Approving a Budget Adjustment not to exceed \$74,357 from the Unappropriated General Fund Reserves and \$20,717 from the Enterprise Funds; Approval of Classification Descriptions within the Unrepresented Employees, Authorizing the Mayor to Execute the Resolutions and Authorizing the City Manager to Execute Agreements with the Unrepresented Employee Group.

APPROVAL FOR FORWARDING:



Michael Kirn, Acting City Manager

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2 **ISSUE:** To consider a Resolution to rescind Resolution No. 2015-039 and to consider
3 Resolutions approving certain salary and labor benefits for a three year term between the
4 City of Calistoga and the Unrepresented Employee Group approving budget adjustments to
5 the Fiscal Year 2015-16 operating budget, adopt new classification descriptions for positions
6 within the Unrepresented Employee Group, authorizing the Mayor to execute the
7 Resolutions and authorizing the City Manager to execute agreements with the Unrepresented
8 Employee Group.

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10 **RECOMMENDATION:**

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- 12 1. Rescind Resolution No. 2015-039.
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- 14 2. Adopt Resolution to approve a three year term between the City of Calistoga and
15 the Unrepresented Employees, and approve budget adjustments to the Fiscal Year
16 2015-16 Operating Budget for an amount not to exceed \$74,357 from the
17 unappropriated General Fund reserves and \$20,717 from the unappropriated
18 Enterprise Funds reserves to the respective departments as shown as Exhibit A to
19 the Resolution.
- 20

- 21 3. Adopt Resolution approving new classification descriptions for positions that are
22 within the Unrepresented Employee Group.
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- 24 4. Authorize the Mayor to execute the Resolutions.
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- 26 5. Authorize the City Manager to execute agreements with the Unrepresented
27 Employee Group.
- 28

29 **DISCUSSION:** Twelve City employees are not represented by any of the three recognized
30 labor associations. These employees consist of department heads, middle managers and
31 confidential employees. As such, this unrepresented group has no established collective
32 bargaining unit to negotiate a MOU or other regularly negotiated labor contracts. The basic
33 terms of employment for the unrepresented employees are outlined in the City's Personnel
34 Rules and Regulations Manual. Because of this, the City Council has authority to
35 determine their salary and benefits and to change them when desirable or necessary.

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37 The City Manager has met with these unrepresented employees several times during the
38 last several months to inform them of the City's financial situation and to hear their
39 suggestions.

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41 The following are the recommended changes for the unrepresented group through
42 December 31, 2018:

- 43
- 44 1. The Koff & Associates salary structure showing ranges for each position is
45 accepted. This salary structure consists of five steps that are five percent apart from
46 each other with a 2.5% differential between each range. Further, all current full-time
47 employees, except those on probation or Y-rated, will be placed one step above the
48 step that is closest to their current compensation.
- 49
- 50 2. The Executive Secretary to the City Manager will be reclassified to Executive
51 Assistant and the Water Systems Superintendent will be reclassified to Utility
52 System Superintendent. This is based upon the recommendation of the Koff &
53 Associates Study.
- 54
- 55 3. Effective January 1, 2016, January 1, 2017 and January 1, 2018, the members of
56 the Unrepresented Employees will receive a salary adjustment of 3% for each year.
- 57
- 58 4. An Unrepresented confidential and mid manager employee working in an out-of-
59 class assignment for more than three consecutive days shall receive the salary of
60 the higher classification on the first work day. The employee shall receive a one-
61 step increase not to exceed 5% within the Employee's current salary range or be
62 placed on a new salary range that provides for a one-step adjustment. Benefits of

- 63 the higher classification are not available and the employee will continue to receive
64 the benefits of the Employee's regular position.
65
- 66 5. An Unrepresented department head employee working in an out-of-class
67 assignment for more than three consecutive days shall receive an increase of 10%
68 within the Employee's current salary range or be placed on a new salary range that
69 provides for a 10% adjustment on the first work day. Benefits of the higher
70 classification are not available and the employee will continue to receive the
71 benefits of the Employee's regular position.
72
- 73 6. Severance Package –The recommended resolutions would authorize the City
74 Manager to execute employment agreements with the department heads. As an “at
75 will employee” it is industry standard for department heads to have severance
76 packages consisting of four or six months of severance pay if the Agency
77 terminates the agreement for reason other than cause. Staff is seeking policy
78 direction on the amount of severance to incorporate into the department head
79 employment agreements.
80
- 81 7. The City of Calistoga on or around June 2018 will conduct a salary study for all
82 unrepresented employees.
83
- 84 8. Term: The term of this agreement shall be in effect from the date of final approval
85 by the City Council and shall remain in full force and effect from that date through
86 December 31, 2018.
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88 The Koff & Associates study found that the unrepresented confidential and mid managers
89 employees are between .43% and 20.03% below market (at the median of comparator
90 cities); department heads are between 21.98% and 35.81% below market (at the median
91 of comparator cities). The recommended fiscal year 2015-16 increases for unrepresented
92 employees are still below the market rate as recommended by Koff & Associates. The
93 objective in seeking salary adjustments to reflect market conditions is to attract and retain
94 employees in a competitive job market.
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96 Also, due to the Recession, employees made significant economic concessions that
97 reduced their total compensation (including a requirement to pay the entire employee
98 contribution to PERS). While COLA's have been given by the City Council these past two
99 years, the employees are still effectively compensated below market levels.
100

101 **FISCAL IMPACT:** The fiscal impact of the Unrepresented Group changes is as follows:
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- 103 1. Employee Compensation:
104 a. Fiscal Year 2015/16 Anticipated Fiscal Impact: \$95,074 (Jan – June 30,
105 2016)

- 106 b. Fiscal Year 2016/17 Anticipated Fiscal Impact: \$130,353
- 107 c. Fiscal Year 2017/18 Anticipated Fiscal Impact: \$99,355
- 108 d. Fiscal Year 2018/19 Anticipated Fiscal Impact: \$36,436 (July – December
- 109 31, 2018)

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111 2. Working out of Class Compensation:

- 112 a. Fiscal Year 2015/16 Anticipated Fiscal Impact is minimal.

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114 Employee compensation for FY 2015/16 will be expensed in FY 2015/16. The Fiscal Year

115 2015/16 additional anticipated expense is for the time period of January 1, 2016 through

116 June 30, 2016 and will be included in the Fiscal Year 2015/16 Mid-Year Budget.

117

118 **ATTACHMENTS:**

- 119 1. Draft Resolution Rescinding Reso. No. 2015-039 and Authorizing Salary/Labor
- 120 Benefits
- 121 2. Draft Resolution approving Budget Adjustments
- 122 3. Draft Resolution adopting new classification descriptions
- 123 4. Classification (Job) Descriptions
- 124 5. Koff and Associates Proposed Monthly Salary Plan
- 125 6. Koff and Associates Proposed Range Placement Recommendations by Position
- 126 7. Resolution 2015-039

RESOLUTION NO. 2016 - XXX

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RESOLUTION OF THE CITY COUNCIL, OF THE CITY OF CALISTOGA, COUNTY OF NAPA, STATE OF CALIFORNIA, RESCINDING CITY COUNCIL RESOLUTION 2015-039 AND AUTHORIZING CERTAIN SALARY AND LABOR BENEFITS FOR UNREPRESENTED EMPLOYEES

WHEREAS, the full-time employees of the City of Calistoga are organized in three formally recognized bargaining organizations. The remaining employees exist as unrepresented employees; and

WHEREAS, the City Council previously adopted Resolution No. 2015-039 to set forth the salary and labor benefits for the unrepresented employees; and

WHEREAS, there is need for the City Council to clarify and update the salary and labor benefits for the unrepresented employees to address the City’s budget needs.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Calistoga hereby rescinds City Council Resolution No. 2015-039 in its entirety; and

NOW, THEREFORE, BE IT FURTHER RESOLVED that the City Council of the City of Calistoga hereby adopts and modifies the unrepresented employee salary and benefits and directs the City Manager to administer these changes as follows:

1. Compensation: Effective January 1, 2016, January 1, 2017 and January 1, 2018 the unit will receive a wage adjustment of 3% to existing salaries for each of the years.
2. The Koff & Associates salary structure showing ranges for each position is accepted. This salary structure consists of five steps that are five percent apart from each other with a 2.5% differential between each range. Further, all current full-time employees, except those on probation or Y-rated, will be placed one step above the step that is closest to their current compensation.
3. All employees are required to pay 100% of the 8% (non-safety) or 9% (safety) employee PERS contribution.
4. Uniform Allowance: The City shall report the value of uniform cleaning and replacement to CalPERS for the Chief of Police, Fire Chief and Police Lieutenant.
5. Bilingual Pay: Employees who qualify shall receive five per cent (5%) of base salary as bilingual differential at the discretion of the City Manager. An employee shall be deemed qualified who is determined by the City to be fluent in an appropriate language as determined by the City Manager.
6. Service Longevity Pay: Employees shall receive additional compensation, notwithstanding any other salary adjustment based upon their length of service to the City according to the following schedule:

a. Completion of 5 years of service	\$25.00 per month
b. Completion of 10 years of service	\$50 per month

52	c. Completion of 15 years of service	\$75 per month
53	d. Completion of 20 years of service	\$100 per month
54	e. Completion of 25 years of service	\$125 per month
55	f. Completion of 30 years of service	\$150 per month

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57 The computation of Service Longevity Pay increases are Persable but shall not
58 be cumulative.

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60 7. Education Reimbursement: Employees shall be eligible to receive up to
61 \$1,000.00 per fiscal year for reimbursement of expenditures on tuition, books,
62 travel and any other costs associated with their successful completion of any
63 professional or educational program approved by the City Manager. This benefit
64 shall be funded at the maximum "pooled" total of \$5,000 per year and is available
65 to any unrepresented employee on a first come, first served basis. Once the
66 total annual benefit amount of \$5,000 is reached, the benefit is no longer
67 available to any member until the next fiscal year.

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69 8. Employees may have twenty-four (24) work hours leave of absence for each
70 death in their immediate family for the purpose of bereavement and for the
71 arranging of, and attendance at the funeral. Immediate family means spouses,
72 domestic partners, parents, grandparents, step-parents, children, step -children,
73 brothers or sisters and legal guardian.

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75 If an Employee must attend a funeral more than five hundred (500) miles from
76 the City, or if the death is to a member of the Employees extended family, then
77 the employee has the option to use up to three (3) days of sick leave from his/her
78 current sick leave balance in addition to any leave provided available.

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80 The employee may be required to submit proof of the relative's death before the
81 final approval of leave with pay is granted.

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83 9. Floating Holidays: Employees shall be granted two (2) floating holidays per
84 calendar year, which may be taken at a time mutually agreeable to the employee
85 and supervisor. Unused holiday time may not be carried over into the following
86 year. Employees hired between May 1 and August 31 will be credited with 12
87 hours of holiday time for that year and employees hired between September 1
88 and December 31 will be credited with 8 hours of holiday time. Employees
89 leaving CITY service between January 1 and April 30 will be required to repay
90 the CITY for 12 hours and those leaving CITY service between May 1 and
91 August 31 will be required to repay the CITY for 8 hours.

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93 10. All non-classic employees hired prior to January 1, 2013 shall be subject to the
94 Tier II contract changes with CalPERS as follows: New non-safety employees
95 would be subject to a 2% @ 60 PERS formula, three year salary average; new
96 safety employees would be subject to a 2% @ 55 PERS formula, three year
97 salary average. All new employees hired on or after January 1, 2013 shall be
98 subject to the Public Employees' Pension Reform Act (PEPRA) as required by
99 California Public Employees' Retirement System (CalPERS) effective January 1,
100 2013.

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11. Employees pay 10% of medical and dental premiums that are otherwise paid for by the City.
 12. The Share the Savings program will be available at \$300/mo with decline of city health benefit and proof of other health insurance.
 13. The retirement CalPERS PEMHCA supplemental health benefits program will remain in effect for existing employees (not eligible until ten years of continuous employment and after retirement until age 65) at the rate of 3% per service year to a rate of 3.5% per services after twenty years of continuous service. The City Manager is authorized to prepare policies and procedures to implement this program. As of the adoption of this resolution this benefit will no longer be available to any new employees hired after April 21, 2015.
 14. Personal Use Vehicle Compensation: The City Manager may approve \$150 per month for employees who are not assigned a City Vehicle for use of their personal vehicle to conduct City business. Employees who are so compensated shall not be otherwise eligible for reimbursement of vehicle expenses, except for work-related trips exceeding 100 miles. An exception to this is for existing employees which have a vehicle allowance at a higher rate established by employment agreement.
 15. Vacation Sell Back: At the City Manager's discretion, employees may be compensated for a portion of their accrued unused vacation annually, in lieu of taking vacation time. Such compensation shall occur annually during the month of June based on years of service. The maximum hours allowed for compensation is as follows:
 - a. Year 1 through Year 3 40 hours
 - b. Beginning Year 4 through Year 6 60 hours
 - c. Beginning Year 7 through Year 10 80 hours
 - d. Year 11 and thereafter 100 hours
 16. An Unrepresented confidential and mid manager employee working in an out-of-class assignment for more than three consecutive days shall receive the salary of the higher classification on the first work day. The employee shall receive a one-step increase not to exceed 5% within the Employee's current salary range or be placed on a new salary range that provides for a one-step adjustment. Benefits of the higher classification are not available and the employee will continue to receive the benefits of the Employee's regular position.
 17. An Unrepresented department head employee working in an out-of-class assignment for more than three consecutive days shall receive an increase of 10% within the Employee's current salary range or be placed on a new salary range that provides for a 10% adjustment on the first work day. Benefits of the higher classification are not available and the employee will continue to receive the benefits of the Employee's regular position.

148 18. The Executive Secretary to the City Manager will be reclassified to Executive
149 Assistant and the Water Systems Superintendent will be reclassified to Utility
150 System Superintendent. This is based upon the recommendation of the Koff &
151 Associates Study.

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153 19. Compensation Survey: The City of Calistoga on or around June 2018 will
154 conduct a salary study for all Unrepresented Employees. The findings of this
155 study shall not bind the City and/or guarantee the employee any specific
156 outcome.

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158 20. Severance Package - The City Manager is authorized to execute employment
159 agreements with the department heads including a severance package of (four or
160 six) months of severance pay if the Agency terminates the agreement for reason
161 other than cause.

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163 21. Term – the term of this agreement shall be in effect from the date of final
164 approval by the City Council and shall remain in full force and effect from that
165 date through December 31, 2018.

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167 **PASSED, APPROVED, AND ADOPTED** by the City Council of the City of
168 Calistoga at a regular meeting held this **5th day of January, 2016** by the
169 following vote:

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171 **AYES:**
172 **NOES:**
173 **ABSTAIN:**
174 **ABSENT:**

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176 **CHRIS CANNING, Mayor**

177 **ATTEST:**
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179 _____
180 **KATHY FLAMSON, City Clerk**