



CITY OF CALISTOGA

STAFF REPORT

TO: Honorable Mayor and City Council
FROM: Gloria Leon, Administrative Services Director
DATE: March 5, 2019
SUBJECT: Resolutions Approving A Three-Year Term for Salary and Labor Benefits for Unrepresented Employees and Approving a Budget Adjustment in the amount of \$60,735

SIGNATURE:

DYLAN FEIK, City Manager

DESCRIPTION:

Consideration of:

1. A Resolution that rescinds Resolution No. 2016-004, approves salary and labor benefits for a three-year term for Unrepresented Employees, and authorizes the City Manager to implement the Resolution.
2. A Resolution approving budget adjustment in the amount of \$60,735 to the Fiscal Year 2018-19 operating budget.

RECOMMENDATION:

1. A Resolution that rescinds Resolution No. 2016-004, approves salary and labor benefits for a three-year term for Unrepresented Employees, and authorizes the City Manager to implement the Resolution.
2. A Resolution approving budget adjustment in the amount of \$60,735 to the Fiscal Year 2018-19 operating budget.

SUMMARY:

Fifteen City employees are not represented by a recognized labor association. These employees consist of department directors, middle managers and confidential employees that do not have an established collective bargaining unit to negotiate labor contracts. The basic terms of employment for the unrepresented employees are outlined in the City's Personnel Rules and Regulations Manual. As such, the City Council has authority to determine salary and benefits and make adjustments as necessary.

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

The following are the recommended changes for the unrepresented group through December 31, 2021:

1. 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 unrepresented employees, except those on probation or Y-rated or Department Directors, will be placed one step above the step that is closest to the current compensation, if recommended by the Koff Study. Department Directors who are below the median will be placed at the top step of the Koff Study recommended pay range.
2. For all unrepresented employees (unless employee is Y-rated), and excluding Department Directors:
 - a. Effective January 1, 2019, wage adjustment of 3%
 - b. Effective January 1, 2020, wage adjustment of 3%
 - c. Effective January 1, 2021, wage adjustment of 3%

Y-rated Unrepresented Employees:

- a. Effective January 1, 2019, one-time bonus of 4% of their base annual salary. Is reportable to CalPERS for Classic Members only.
 - a. The following classification is Y-Rated:
 - i. Administrative Services Director
 - b. Effective January 1, 2020, wage adjustment of 3%
 - c. Effective January 1, 2021, wage adjustment of 3%
3. Department Directors:
 - a. Effective January 1, 2019, wage adjustment of 0%
 - b. Effective January 1, 2020, wage adjustment of 3%
 - c. Effective January 1, 2021, wage adjustment of 3%

Compensation Salary and Pay Range Schedule for Unrepresented Positions effective January 1, 2019 is shown on Attachment 3.

4. It is acknowledged that the City of Calistoga may have limited financial ability to pay future salary increases, and such ability is entirely dependent upon the economic conditions that prevail in the community, financial impacts related to critical emergency responses, and legislative actions of the State of California.

Recognizing that approximately two-thirds of all General Fund revenue received by the City is a result of Transient Occupancy Tax Collections, and that these tax revenues are critically influenced by emergency situations including wildfire, flood or other major disaster, the following is applied:

During the term of this agreement, in the event there is a 10% decline in City Transient Occupancy Tax Revenue, or should the City be required to exceed 10% of the General Fund Expenditure Budget excl. CIP expenditures on emergency responses related to a major disaster, any remaining subsequent salary increase may be suspended or cancelled following a City Council-declared emergency.

5. Service Longevity Pay: Unrepresented Employees shall receive a one-time 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 annual base salary	1.5%	of	employees'
b. Completion of 10 years of service annual base salary	2.0%	of	employee's
c. Completion of 15 years of service annual base salary	2.0%	of	employee's
d. Completion of 20 years of service annual base salary	2.5%	of	employee's
e. Completion of 25 years of service annual base salary	2.5%	of	employee's
f. Completion of 30 years of service annual base salary	2.5%	of	employee's

For those employees who are currently receiving a flat dollar amount per month for service longevity, this will continue until they reach the next five-year milestone. At that time the flat dollar amount per month will go away and be replaced with the percentage method noted above. Flat dollar amount per month:

a. Completion of 5 years of service	\$ 25 per month
b. Completion of 10 years of service	\$ 50 per month
c. Completion of 15 years of service	\$ 75 per month
d. Completion of 20 years of service	\$100 per month

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| e. Completion of 25 years of service | \$125 per month |
| f. Completion of 30 years of service | \$150 per month |

The computation of Service Longevity Pay is reported to CalPERS but is not cumulative.

6. **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 round trip. An exception to this is for existing employees which have a vehicle allowance at a higher rate established by employment agreement.

7. **Technology Allowance:** Department Directors shall be entitled to a \$200 per month technology allowance for use of their personal Internet, laptop and cell phone services to conduct City business.

8. **Department Directors Employment Agreements:** The recommended Resolution authorizes the City Manager to execute employment agreements with the department directors. As an "at will employee" it is industry standard for department directors to have severance packages consisting of four or six months of severance pay if the Agency terminates the agreement for reason other than cause. The recommended Resolution maintains the current provision of four months' severance pay in the event the City terminates an employment agreement for reason other than cause.

9. The City of Calistoga on or around June 2021 will conduct a salary study for all unrepresented employees.

10. **Term:** The term of the labor and benefits package be from January 1, 2019 and shall remain in full force and effect from that date through December 31, 2021.

FINANCIAL IMPACT: The fiscal impact of the Unrepresented Group changes is as follows:

1. **Employee Compensation:**
 - a. Fiscal Year 2018/19 anticipated fiscal impact: \$60,735 (Jan – June 30, 2019)
 - b. Fiscal Year 2019/20 anticipated fiscal impact: \$147,608
 - c. Fiscal Year 2020/21 anticipated fiscal impact: \$108,469
 - d. Fiscal Year 2021/22 anticipated fiscal impact: \$64,924 (July – December 31, 2021).
 - e. Working out of Class Compensation is expected to be minimal for the term of the package.

The recommended Resolution approves a Budget Adjustment to cover the increased costs anticipated in FY 2018/19. Future budgets will include sufficient appropriations to fund the anticipated increased costs incurred in each Fiscal Year.

ATTACHMENTS:

1. Draft Resolution Rescinding Resolution No. 2016-004 and Authorizing Salary and Labor Benefits for Unrepresented Employees.
2. Draft Resolution approving Budget Adjustments
3. Proposed Monthly Salary Plan
4. Koff and Associates Proposed Range Placement Recommendations by Position
5. Resolution 2016-004
6. Draft Department Directors Employment Agreements