



CITY COUNCIL AGENDA REPORT

MEETING DATE: April 4, 2017

ITEM NUMBER: PH-1

SUBJECT: CIVIC OPENNESS IN NEGOTIATIONS (COIN) ORDINANCE FIRST PUBLIC HEARING OF THE ADOPTION OF THE SALARY & BENEFIT RESOLUTION BETWEEN THE CITY OF COSTA MESA AND THE COSTA MESA DIVISION MANAGERS ASSOCIATION (CMDMA), SALARY & BENEFIT ADJUSTMENTS FOR UNREPRESENTED EXECUTIVES, AND CONFIDENTIAL MANAGEMENT CLASSIFICATIONS

DATE: MARCH 17, 2017

FROM: ADMINISTRATIVE SERVICES DEPARTMENT/HUMAN RESOURCES DIVISION

PRESENTATION BY: TAMARA S. LETOURNEAU, ASSISTANT CITY MANAGER

FOR FURTHER INFORMATION CONTACT: LANCE M. NAKAMOTO AT (714) 754-5172

RECOMMENDATION:

Staff recommends that the City Council:

1. Hold the first Public Hearing regarding the salary and benefit adjustments agreed upon between the City of Costa Mesa and the classifications represented by the CMDMA as required by the COIN Ordinance.
2. Schedule the second and final Public Hearing as required by COIN for April 18th, 2017.

BACKGROUND:

The City has not increased the salary ranges for the Department Executive and Division Management positions since 2008. In fact, in 2012, these two groups volunteered to increase the contributions to CalPERS without a salary increase, which resulted in a pay reduction. The compensation packages for these positions creates challenges in recruiting and retaining top talent.

At that point in time, the City's Division Managers were not recognized as a bargaining unit. Since then, the non-sworn Division Managers have become recognized as the Costa Mesa Division Managers Association (CMDMA) and other division managers are now designated as Confidential. The Confidential Management classifications are the Assistant to the City Manager, Assistant Finance Director, City Clerk and Human Resources Manager.

Adhering to the COIN Ordinance, collaborative and productive meetings between the City's designated negotiator and CMDMA members were held, which resulted in the agreement to the City's proposed changes in salary and benefits, including, but not limited to employee increased contributions to CalPERS retirement, reduction of the vacation maximum and accruals, and the City's monthly contribution to a new Technology Allowance Program. Similar changes are being proposed for Unrepresented Executives

and Confidential Managers. These changes are reflected and included in the respective salary resolutions as Attachments I, II, and III.

ANALYSIS:

The following are the key provisions for all groups:

- **Salary:** Salary Ranges will be adjusted between 2.00% to 15.88%. The salary range adjustments are reflected in the respective salary resolutions as Attachments I, II, III. The resolutions will be submitted to City Council for final approval and adoption at the April 18th City Council Meeting.

The methodology for the salary range increases were determined based upon Council direction to adjust all the ranges so that the ranges are 5% below the average of the total compensation for the survey cities (Fountain Valley, Huntington Beach, Irvine, Newport Beach and Santa Ana). In the event a salary range was within the 5% range, the adjustment was equal to that of the corresponding CalPERS increase contribution so the result would be no pay reduction.

The following tables are the proposed salary range increases:

EXECUTIVE CITY CLASSIFICATIONS	Salary Range Adjustment within 5% of the Range
City Manager	9.33%
Assistant City Manager	15.88%
Economic Dev Services Director	2.33%
Finance Director	9.29%
I.T. Director	6.62%
Public Services Director	5.99%
Fire Chief	2.00%
Police Chief	3.55%

DIVISION MANAGERS CITY CLASSIFICATIONS	Salary Range Adjustment within 5% of the Range
Assist. Development Svs Director	3.38%
Assistant Finance Director	15.76%
Building Official	2.00%
City Clerk	14.45%
City Engineer	9.21%
Human Resources Manager	12.63%
Legislative & Public Affairs Mgr	2.00%
Maintenance Services Manager	2.08%

Recreation Manager	10.92%
Sr. Center Program Administrator	11.02%
Transportation Services Manager	6.27%

- **Retirement:** Employees will contribute additional cost towards CalPERS upon adoption of the respective salary resolution:
 - Classic Tier 1 (2.5%@55 formula) members will pay an additional 1.531% towards CalPERS from 10.469% to a total of 12%
 - Classic Tier 2 (2%@60 formula) members will pay an additional 2% towards CalPERS from 8% to a total of 10%
 - PEPRA Tier 3 (2%@62 formula) members will pay an additional 1.25% towards CalPERS for a total of 9%.
- **Vacation:** Reduce the vacation maximum cap from 424 hours to 320 hours and lower vacation accruals as follows:
 1. Vacation Accrual Implementation and Ceiling- Effective six (6) months after adoption by the City Council, the accrual of vacation hours will be capped at the following maximum levels based upon an employee's years of service as follows:

<u>Years of Service</u>	<u>Annual Accrual 40-Hour</u>	<u>Maximum Accrual 40-Hour</u>
1-2	92.0	184.0
3-4	116.0	232.0
5-9	140.0	280.0
10-14	164.0	320.0
15-19	188.0	320.0
20+	212.0	320.0

- **Executive Leave:** Reduce Executive Leave from 80 hours to 40 hours annually.
- **Technology Allowance:** Establish a technology allowance of \$75 per month for approved technology reimbursement.
- **Car Allowance:** Increase the car allowance from \$477 to \$575 per month for Executives.

FISCAL REVIEW:

The Fiscal Impact Analysis (Attachment IV) prepared for the COIN Ordinance recognizes annual cost increases of \$153,667 for represented CMDMA and Confidential employees and \$209,056 annually (Attachment V) for unrepresented Executive employees respectively.

LEGAL REVIEW:

The City Attorney has reviewed the documents and approved them as to form.

CONCLUSION:

This Public Hearing is the first of the two public hearings required by COIN. The final Public Hearing is scheduled for April 18th, 2017.

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Human Resources Manager

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Assistant City Manager

STEPHEN DUNIVENT
Interim Finance Director

THOMAS DUARTE
City Attorney

DISTRIBUTION: City Manager Office
City Clerk

ATTACHMENTS: I [Executive Salary Resolution 17-xx](#)
II [CMDMA Salary Resolution 17-xx](#)
III [Confidential Management Resolution 17-xx](#)
IV [CMDMA/Confidential Fiscal Analysis](#)
V [Executive Fiscal Analysis](#)