



AGENDA STAFF REPORT

AGENDA LOCATION: Action Item #11-B

MEETING DATE: May 8, 2017

TO: Honorable Mayor and City Council

FROM: Julie Krueger, City Manager

ISSUE: Approval of SEIU Collective Bargaining Agreement.

BACKGROUND: The City Council received a report on the proposed agreement at an executive session on April 24, 2017. The SEIU membership ratified the agreement on May 3, 2017.

BUDGET IMPLICATIONS: The agreement includes a 2% cost of living adjustment which is included in the 2017-18 budget.

COUNCIL ALTERNATIVES:

1. **Staff recommendation:** *Move to approve the SEIU collective bargaining agreement as presented to City Council and ratified by the membership.*
2. Direct staff to continue negotiations.



AGENDA STAFF REPORT

AGENDA LOCATION: Action Items #11-C

MEETING DATE: May 8, 2017

TO: Honorable Mayor and City Council

FROM: Julie Krueger, City Manager

ISSUE: Consideration of a Compensation Package for Exempt Employees for Fiscal Year 2017-18 and Approval of salaries for position changes.

BACKGROUND: For compensation purposes, the City has four categories of employees:

- 1) Exempt employees (Department Managers, Supervisors, Confidential Secretaries, Planning Staff);
- 2) Contract employees (City Manager, City Attorney, and Municipal Court Judge);
- 3) SEIU represented general employees; and
- 4) Police association employees.

For the last two categories, the City negotiates a labor contract. The SEIU employees will be in starting the first year of a three-year contract in FY 2017-18. They are scheduled to receive a 2% COLA on July 1, 2017. The City's insurance premium payment increase will be capped at 7% in this contract for SEIU employees.

The three year Police Association contract expires June 30, 2019. They are scheduled to receive a 2.5% COLA on July 1, 2017. The City's insurance premium payment increase is capped at 7% for the Police Association for the remainder of their contract.

The City has three contract employees; City Attorney, City Manager, and Municipal Court Judge. The City Council annually considers a COLA and/or salary adjustment for these three after their annual evaluations. Evaluations are being scheduled for May.

The City is currently paying 85% dependent insurance pick up for all benefit-eligible employees, including the City Manager and City Attorney.

Annually, the City Council also considers cost of living adjustment (COLA) or other salary adjustments for exempt employees. The exempt group has typically lagged behind salaries in comparable cities. In FY 2014-15 this group received a 2% COLA on July 1, 2014; in FY 2015-16, no cost of living increase was approved; and in 2016-17, exempt employees received a 2% COLA.

The recommended COLA for exempt employees for 2017-18 fiscal year is 2%, which is in line with those approved in the union contracts.

Insurance Cost Share: The City Council expressed a desire to have the employees pick up more of the insurance cost. It is recommended the maximum increase be reduced from 8% to 7% to be in line with the bargaining unit contracts.

We have added an additional plan this year which has a higher deductible and lower premium to allow all employees to choose an option. This year, our total increase is proposed at 4%, so the premium caps will not be affected.

With tentative approval of the SEIU contract, I recommend that the MLK holiday also be applied to exempt employees, and that exempt employees also be considered eligible to place sick leave hours above 600 per year, into a VEBA account.

Position Changes:

The City Manager has the authority to organize and reorganize departmental structure, but the City Council has the authority to approve salaries.

The current position of Account Clerk III in the Finance Department has been reviewed and determined to be a high level, professional position. The position will not only have primary responsibility for Accounts Payable and Receivables, but will assist with audit, budget preparation, fixed assets, and provide software technical support. This position will also be cross-trained in payroll functions and accounting, and will include confidential work.

I am recommending this position be reclassified to the title of Finance Specialist and be placed on the exempt pay scale at level "N". This change was not included in the proposed budget.

We have been completing an evaluation of the Public Works Department administrative/office staff positions. Currently, there is a Regulatory Compliance position that is also responsible for safety programs; an Administrative Secretary, a Department Secretary, and an Account Clerk II position.

Regulatory Compliance and safety compliance are two extremely responsible and time consuming jobs. Both are also vital to operations of the City. In order to develop and maintain a proper safety program city-wide, and to allow the focus needed for regulatory compliance, I am proposing to separate the two duties. The Regulatory Compliance position will continue to supervise office staff at Public Works as part of their duties.

I propose to add a new position of Safety Officer. The proposal is to create a 30 hour per week position that would work on city-wide safety programs, training, policies, etc. This position would report to the Human Resources Director for supervision. Based on a worker's compensation factor for each employee, we determined that the position would be funded 40% General Fund; 58% spread across the Public Works funds; 1% Library; and 1% State Office Building fund. The total cost, including benefits for this position would be approximately \$60,461 for the first year. This proposed reorganization was not prepared in time to include in the proposed budget. I am recommending this position be placed on the exempt pay scale at level "M".

During the review of the Public Works administrative/office staffing levels, I have also reorganized some of the duties that were previously handled by clerical staff to a more appropriate staff person (primarily payroll type duties), and at this time, have reorganized the clerical duties to be assigned to the Administrative Secretary. At this time, I am not planning to fill the Department Secretary position.

BUDGET IMPLICATIONS: The proposed budget has been prepared with a 2% COLA for all employees and an 8% increase in insurance premiums. The reclassified position in the Finance Department and Safety Officer position would add a cost of \$32,007 to the General Fund, but would be offset by the insurance savings of \$30,948. The total impact to General Fund would be \$1,059. The cost for the Safety Officer position, spread across the Public Works Funds would be \$37,773 but the savings for health insurance across these funds will be \$33,281 and we are not filling one of the vacant clerical positions, so there will be an overall savings for the Public Works funds.

RECOMMENDATION:

1. Staff recommendation:

- A. *Move to approve a 2% COLA on July 1, 2017, reduce the insurance premium cap to 7%, approve MLK Day as an official holiday, and reduce the VEBA eligible sick leave hours to a minimum of 600 for exempt employees.*
- B. *Move to approve the salary for the position of Finance Specialist in the exempt pay plan, level "N".*
- C. *Move to approve a salary for Safety Officer position, in the exempt pay plan, level "M".*

Alternatives:

- A. Approve an exempt employee COLA in a different amount than recommended.
- B. Modify or decline the staff recommendations for the salary levels for the restructured positions.