



## Council Agenda Report

**From:** Meg Williamson, Assistant City Manager

**Subject:** Comprehensive Agreement with Unrepresented, Confidential, Professional & Management Group (MGMT Group)

**Date:** August 1, 2017

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### Facts

1. The labor agreement with the Unrepresented, Confidential, Professional & Management Group (MGMT Group) was set to expire December 2016. The City has been engaged in good faith labor discussions with all its labor groups since fall of 2016.
2. Since the onset of the recession in 2008, all employee groups deferred wage and benefit adjustments for a cumulative total of three years and three months. In that time, a contractually agreed upon wage adjustment that was due to the MGMT Group in April 2009 was paid in 2012. Wages remained unchanged until January 1, 2014, at which point a 3% adjustment was provided. There was no change in wages in 2015. In 2016, a 4% adjustment was provided and the MGMT Group began paying 2% towards the employee share of retirement costs.
3. At the City Council's request, an in-depth presentation on employee compensation structure and CalPERS retirement costs was presented at a public workshop on September 28, 2016. The meeting was well attended by city employees. The educative presentation was broadly shared in subsequent information sessions with employee groups.
4. The conclusions of the workshops and subsequent discussions with the MGMT Group were that the City and the MGMT Group are aligned in seeking fair and reasonable changes to the CalPERS system to ensure long-term sustainability of the system. Some changes can be achieved at the local level, but the majority of needed changes can be accomplished only at the state level, through changes by the CalPERS Board and the Legislature.
5. The City Council authorized negotiation parameters in a series of closed session meetings that occurred in 2016 and 2017. The City Council's parameters were clear that any negotiated change in employee compensation must be tied to employees picking up additional share of their retirement costs.
6. The MGMT Group is not formed as or represented under a unionized labor format; the members are unrepresented. They do not have a Memorandum of Understanding and do not formally negotiate with the City as other formal unionized labor groups in the City do (e.g., POA, Fire and SEIU). This is the first year that the wages and benefits of the MGMT Group are formally being recited in a single summary document. This summary will assist with good employee communication and public transparency.
7. The MGMT Group and City Council have agreed to a 1-year term (from January 1, 2017 to December 31, 2017) with a net 0% salary adjustment (3% salary increase for the 3% additional employee pick up of CalPERS costs). Additionally, the MGMT Group will work collaboratively with the City at the State level to implement CalPERS retirement system solutions (see Attachment 2 – CalPERS Labor Group Administrative Memo).

8. The MGMT Group and City Council also have agreed that the City will increase its contribution to employees' monthly defined health contribution at the same participation level as the SEIU and City Council monthly contribution. This change is not subject to CalPERS payroll costs and will not impact PERS costs over time.
9. The MGMT Group has indicated their support of the tentatively agreed upon wage and benefit package for the 2017 term.
10. As soon as practicable, the City will initiate a contract change and administrative steps with CalPERS for employees to contribute an additional 3% towards their retirement costs. A schedule for implementation of the contract change will be generated by PERS, and steps will include future City Council action on a Resolution of Intention to modify the contract along with a formal employee election process.

### **Options**

1. Take no action.
2. Approve Resolution No. 17-XXX authorizing the City Manager to implement the wage and benefit summary dated January 1, 2017 – December 31, 2017 with the Unrepresented, Confidential, Professional and Management Group as attached therein; and appropriate \$18,500 in FY16/17 and \$53,200 in FY17/18 to implement the agreement.
3. Provide alternative direction as may be appropriate.

### **Analysis and Conclusions**

**Option 1:** No action by the City Council would delay implementation of a wage and benefit package that is consistent with previously agreed upon terms.

**Option 2:** The proposed MGMT Group wage and benefit summary is consistent with City Council fiscal goals and the provision that employees begin contributing an additional share of the cost towards their CalPERS retirement plans.

**Option 3:** Should the City Council identify additional terms that are within the context of the tentative understanding already reached with the MGMT Group, such direction can be considered. However, the group is offering a net 0% adjustment to salary along with leadership in the realm of CalPERS system solutions, and it is difficult to envision alternative direction that would be appropriate at this time.

### **Fiscal Impact**

The cost of implementing the Net 0% salary increase (3% when the CalPERS contract and cost sharing is revised for the 3% employee pick up) is approximately \$25,000 annually (based on payroll "roll up" costs). The cost of implementing the change in the health stipend is approximately \$36,500 annually, but is not subject to PERS variable costs. The costs of implementing this plan will be distributed between fiscal years as follows: FY16/17 - \$18,500 (6 months of health stipend) and FY17/18 - \$53,200 (\$16,700 of payroll costs and \$36,500 for 12 months of health stipend costs). Ongoing operational costs will be part of the subsequent review of the next two-year budget.

### **Recommendation**

Approve Resolution 17-XXX authorizing the City Manager to implement the wage and benefit summary dated January 1, 2017 – December 31, 2017 with the Unrepresented, Confidential, Professional and Management Group as attached therein; and appropriate \$18,500 in FY16/17 and \$53,200 in FY17/18 to implement the agreement.

### **Attachments**

1. Resolution 17-XXX approving the 2017 Wage and Benefit Summary for the Unrepresented, Confidential, Professional & Management Group. CalPERS Labor Group Administrative Memo

RESOLUTION NO. 17-XXX

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES  
AUTHORIZING IMPLEMENTATION OF A WAGE AND BENEFIT AGREEMENT WITH THE  
UNREPRESENTED, CONFIDENTIAL, PROFESSIONAL & MANAGEMENT GROUP  
THROUGH DECEMBER 31, 2017

WHEREAS, the labor agreement with the Unrepresented, Confidential, Professional & Management Group (MGMT Group) was set to expire December 2016 and the City has been engaged in good faith labor discussions with all its labor groups since fall of 2016; and

WHEREAS, since the onset of the recession in 2008, all employee groups deferred wage and benefit adjustments for a cumulative total of three years and three months (contractually agreed upon wage adjustments that were due to MGMT Group in April 2009 and were paid in 2012) and wages remained unchanged until January 1, 2014, at which point a 3% adjustment was provided; there were no change in wages in 2015, and in 2016, a 4% adjustment was provided when the MGMT Group began paying 2% towards the employee share of retirement costs; and

WHEREAS, at the City Council's request, an in-depth presentation on employee compensation structure and CalPERS retirement costs was presented at a public workshop on September 28, 2016 where the meeting was well attended by city employees; and

WHEREAS, the conclusions of the workshops and subsequent discussions with the MGMT Group were that the City and the MGMT Group are aligned in seeking fair and reasonable changes to the CalPERS system to ensure long-term sustainability of the system; and

WHEREAS, some changes can be achieved at the local level, but the majority of needed changes can be accomplished only at the state level, through changes by the CalPERS Board and the Legislature; and

WHEREAS, the City Council authorized negotiation parameters in a series of closed session meetings that occurred in 2016 and 2017 where the City Council's parameters were clear that any negotiated change in employee compensation must be tied to employees picking up additional share of their retirement costs; and

WHEREAS, the MGMT Group is not formed as or represented under a unionized labor format; they are unrepresented, and this is the first year that the wages and benefits of the MGMT Group are formally being recited in a single summary document (Exhibit A); and

WHEREAS, the MGMT Group and City Council have agreed to a 1-year term (from January 1, 2017 to December 31, 2017) with a net 0% salary adjustment (3% salary increase for the 3% additional employee pick up of CalPERS costs); and

WHEREAS, the MGMT Group will work collaboratively with the City at the State level to implement CalPERS retirement system solutions; and

WHEREAS, as soon as practicable, the City will initiate a contract change and administrative steps with CalPERS for employees to contribute an additional 3% towards their retirement costs.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EL PASO DE ROBLES DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. All of the above recitals are true and correct and incorporated herein by reference.

Section 2. The City Council hereby authorizes the City Manager to implement the wage and benefit summary dated January 1, 2017 – December 31, 2017 with the Unrepresented, Confidential, Professional and Management Group as attached herein as Exhibit A.

Section 3. The City Council hereby appropriates \$18,500 in FY16/17 and \$53,200 in FY17/18 to implement the agreement with proportional distribution of funds between General Fund and Enterprise Funds per existing departmental/employee assignments.

APPROVED this 1st day of August, 2017, by the following vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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Steven W. Martin, Mayor

ATTEST:

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Kristen L. Buxkemper, Deputy City Clerk

“EXHIBIT A”

UNREPRESENTED, CONFIDENTIAL, PROFESSIONAL & MANAGEMENT (MGMT) GROUP WAGE AND  
BENEFIT SUMMARY  
JANUARY 1, 2017 – DECEMBER 31, 2017

**1. INSURANCE**

The City shall establish and maintain medical, dental, and vision insurance plans, an employee assistance plan (EAP), as well as disability and life insurance for the MGMT group in recognition of management responsibilities. The City reserves the right to choose the method of insuring and plans to be offered.

**A. Medical**

CalPERS Medical Insurance Program: The City has elected to participate in the CalPERS Medical Insurance Program for employees and their eligible dependents. Employees will have the choice of available plans offered by CalPERS. The City will contribute up to the following total monthly amounts for selected plans:

<u>Effective January 1, 2017</u>	
Employee only	\$ 653.00
Employee +1 dependent	\$ 1,257.00
Employee +2 or more dependents	\$ 1,640.00

These amounts are inclusive of the CalPERS minimum medical insurance contribution. The balance is designated as a cafeteria plan contribution.

Implementation and any retroactive pay related to the medical plan monthly contribution will be made to each employee's paycheck on or before the second pay date following City Council adoption of this resolution.

Conditional Opt Out: Employees providing evidence of other group medical insurance that provides minimum essential coverage for themselves and all family members (for whom they reasonably expect to claim a personal exemption deduction for the taxable year) and opting out of the CalPERS medical coverage will qualify to receive a cash payment of \$300 per month. Coverage in the individual market, whether or not from the insurance marketplace (like Covered California) will not qualify the employee for the opt-out cash payment. Employees will be required to submit proof of their qualified coverage prior to the beginning of each calendar year, and are also required to review and sign the opt-out attestation.

**B. DENTAL**

The City has elected to participate in the Delta Dental Plan for employees and their eligible dependents. City and employee monthly contributions will be as follows:

Employee only	City pays 100%	
Employee +1 or more dependents	City pays \$91.71	Employee pays \$6.28

For the term of this agreement, the City will modify its maximum dollar contribution by an amount equal to 100% of the employee only premium and three quarters (3/4) of premium increases for employee and dependent(s). Employees shall be responsible for the remaining one quarter (1/4) of any increases.

**C. VISION**

The City has elected to participate in VSP vision insurance plan for employees and their eligible dependents. City and employee monthly contributions will be as follows:

Employee only	City pays 100%	
Employee +1 or more dependents	City pays \$25.40	Employee pays \$0.00

For the term of this agreement, the City will modify its maximum dollar contribution by an amount equal to 100% of the employee only premium and three quarters (3/4) of premium increases for employee and dependent(s). Employees shall be responsible for the remaining one quarter (1/4) of any increases.

**D. DISABILITY**

The City provides long-term disability insurance coverage with a monthly benefit percentage of 66.67% of gross salary (maximum benefit \$12,000 per month) for employees until their normal retirement age under the Social Security Act for any sickness or accident, subject to the exclusions in the long-term disability policy, after a 60-day elimination period. The City pays 100% of the premium.

**E. LIFE INSURANCE**

The City provides \$200,000 term life insurance coverage for employees in the MGMT group, including accidental death and dismemberment. The City pays 100% of the premium.

**F. EMPLOYEE ASSISTANCE PLAN (EAP)**

The City has elected to participate in the MHN employee assistance plan. EAP is a program designed to help an individual cope with emotional health, family and other personal problems to help employees be healthy and productive. Employees and their dependents are covered. The City pays 100% of the premium.

**2. RETIREMENT**

The City and MGMT are aligned in seeking fair and reasonable changes to the CalPERS system to ensure long-term sustainability of the system. Needed state-level changes acceptable to both executive management and City labor groups are most likely to be initiated by CalPERS member agencies and labor, working collaboratively.

City and MGMT group hereby jointly commit to:

- Request state-level membership organizations (e.g., the League of California Cities, state-wide labor affiliates) to alert and engage members, to make this issue a priority, and to commit to a set of collaborative solutions;
- Encourage, educate, and engage peers (e.g., other cities, other labor groups) to make this issue a priority and to lend their voice to our request to state-level membership organizations;

- Consider the reasoning detailed in the CalPERS Labor Group Administrative Memo dated 05/25/17;
- Jointly analyze options with an open mind as to potential solutions; and
- Other collaborative efforts as they arise.

The City shall provide the Public Employees Retirement System of the State of California (CalPERS) to MGMT group employees. The contract with CalPERS approved by the City Council for MGMT employees is as follows:

**Non-Safety**

**Non-Safety Tier 1 -Employees hired prior to May 27, 2012 shall be as follows:**

- 2.5% @ 55 benefit formula.
- Since July 6, 2014, City has been paying six percent (6%) and employees have been paying two (2%) of CalPERS employee contribution. In alignment with the timing of CalPERS contract change process for Tier 2 & 3 below, employees will begin paying five percent (5%) of CalPERS employee contribution and the City shall pay three percent (3%), effective on the first day of the pay period following completion of the required CalPERS process for modification of employer paid member contributions.
- City shall report its payment towards the employee's retirement contribution as special compensation pursuant to Section 20636(C)(4). Accordingly, the City's contribution will be considered compensation for retirement purposes.
- City shall provide the "twelve highest consecutive months" benefit calculation and credit for unused sick leave option.

**Non-Safety Tier 2 – Employees hired on or after May 27, 2012, but before January 1, 2013, and those hired on or after January 1, 2013 who meet the definition of classic member pursuant to the California Public Employees' Pension Reform Act (PEPRA) shall be as follows:**

- 2% @ 60 benefit formula.
- Employee shall pay the seven percent (7%) CalPERS employee contribution.
- As soon as practicable, City shall initiate a contract change with CalPERS, providing for employees to contribute an additional three percent (3%) pursuant to Section 20516. Following adoption of Resolution of Intention, employees shall hold secret ballot election as required by CalPERS to approve the contract change. Effective the beginning of the pay period following final action by Council to amend the contract with CalPERS, employees will begin paying the additional three percent (3%). The increased contributions will be credited to each member's account as normal contributions. In the event employees do not approve the contract amendment, employees will begin paying the additional contribution of three percent (3%), effective on the first date of the pay period following completion of the required CalPERS process for modification of employer paid member contributions for Tier 1 employees. However, the additional contribution of three percent (3%) will not be credited to each member's account.
- City shall provide "36 highest consecutive months" benefit calculation and credit for unused sick leave option.

**Non-Safety Tier 3 - Employees hired on or after January 1, 2013 who meet the definition of new member pursuant to PEPRA shall be as follows:**

- 2% @ 62 benefit formula.



- Employee shall pay fifty percent (50%) of the expected normal cost rate, which is currently 6.25%.
- As soon as practicable, City shall initiate a contract change with CalPERS, providing for employees to contribute an additional three percent (3%) pursuant to Section 20516. Following adoption of Resolution of Intention, employees shall hold secret ballot election as required by CalPERS to approve the contract change. Effective the beginning of the pay period following final action by Council to amend the contract with CalPERS, employees will begin paying the additional three percent (3%). The increased contributions will be credited to each member's account as normal contributions. In the event employees do not approve the contract amendment, employees will begin paying the additional contribution of three percent (3%), effective on the first date of the pay period following completion of the required CalPERS process for modification of employer paid member contributions for Tier 1 employees. However, the additional contribution of three percent (3%) will not be credited to each member's account.
- City shall provide the "36 highest consecutive months" benefit calculation and credit for unused sick leave option.

### Safety

#### **Safety Tier 1 - Employees hired prior to May 27, 2012 shall be as follows:**

- Police 3.0% @ 50 benefit formula; Fire 3.0 @ 55 benefit formula.
- Employee shall pay the nine (9%) CalPERS employee contribution.
- As soon as practicable, City shall initiate a contract change with CalPERS, providing for employees to contribute an additional three percent (3%) pursuant to Section 20516. Following adoption of Resolution of Intention, employees shall hold secret ballot election as required by CalPERS to approve the contract change. Effective the beginning of the pay period following final action by Council to amend the contract with CalPERS, employees will begin paying the additional three percent (3%). The increased contributions will be credited to each member's account as normal contributions. In the event employees do not approve the contract amendment, employees will begin paying the additional contribution of three percent (3%), effective on the first date of the pay period following completion of the secret ballot election. However, the additional contribution of three percent (3%) will not be credited to each member's account.
- City shall provide the "twelve highest consecutive months" benefit calculation and credit for unused sick leave option.

#### **Safety Tier 2 – Employees hired on or after May 27, 2012, but before January 1, 2013, and those hired on or after January 1, 2013 who meet the definition of classic member pursuant to the California Public Employees' Pension Reform Act (PEPRA) shall be as follows:**

- 3.0% @ 55 benefit formula.
- Employee shall pay the seven percent (9%) CalPERS employee contribution.
- As soon as practicable, City shall initiate a contract change with CalPERS, providing for employees to contribute an additional three percent (3%) pursuant to Section 20516. Following adoption of Resolution of Intention, employees shall hold secret ballot election as required by CalPERS to approve the contract change. Effective the beginning of the pay period following final action by Council to amend the contract with CalPERS, employees will begin paying the additional three percent (3%). The increased contributions will be credited to each member's account as normal contributions. In the event employees do



not approve the contract amendment, employees will begin paying the additional contribution of three percent (3%), effective on the first date of the pay period following completion of the secret ballot election. However, the additional contribution of three percent (3%) will not be credited to each member's account.

- City shall provide "36 highest consecutive months" benefit calculation and credit for unused sick leave option.

**Safety Tier 3 - Employees hired on or after January 1, 2013 who meet the definition of new member pursuant to PEPR shall be as follows:**

- 2.7% @ 57 benefit formula.
- Employee shall pay fifty percent (50%) of the expected normal cost rate, which is currently 11.25%.
- As soon as practicable, City shall initiate a contract change with CalPERS, providing for employees to contribute an additional three percent (3%) pursuant to Section 20516. Following adoption of Resolution of Intention, employees shall hold secret ballot election as required by CalPERS to approve the contract change. Effective the beginning of the pay period following final action by Council to amend the contract with CalPERS, employees will begin paying the additional three percent (3%). The increased contributions will be credited to each members account as normal contributions. In the event employees do not approve the contract amendment, employees will begin paying the additional contribution of three percent (3%), effective on the first date of the pay period following completion of the secret ballot election. However, additional contribution of three percent (3%) will not be credited to each member's account.
- City shall provide the "36 highest consecutive months" benefit calculation and credit for unused sick leave option.

Pursuant to IRS Code Section 414(h)(2) employee paid retirement contributions shall be made on a pre-tax basis.

**3. RETIREE MEDICAL INSURANCE**

The City agrees to provide the following Retiree Health Benefits provided that retirees have retired from the City of Paso Robles under established PERS Benefit package, and have a minimum of ten (10) years City service.

The City agrees to reimburse the retiree for retiree and/or retiree's dependent health (medical/dental/ vision) insurance premiums, disability insurance, long-term health care or life insurance premiums, provided that retiree has retired under established PERS benefit package, up to five hundred (\$500) dollars per month maximum with no age limitation.

Employees with a hire date of 1/1/12 and thereafter with at least twenty (20) years of service with the City of Paso Robles are eligible for up to five hundred (\$500) dollars per month maximum only until Medicare eligible (age 65).

**4. DEFERRED COMPENSATION**

The City has elected to participate in a 457 Deferred Compensation Plan with ICMA-RC. All MGMT group employees shall be eligible to participate. The City shall contribute \$4,200 per year (\$161.54 per completed pay period) to the plan for employees in the MGMT group. Executive Managers shall

be eligible for an additional City matching contribution of up to \$2,500 per year (\$96.15 per completed pay period).

**5. PAID LEAVE**

**A. SICK LEAVE**

MGMT group employees shall accrue sick leave at the rate of eight (8) hours per month (3.6923 hours per completed pay period). Accrued sick leave carries over from year to year. No accrual limit applies. Unused sick leave is not cashed out upon termination, resignation, retirement or other separation from employment. Unused sick leave credit may be converted to retirement service credit with CalPERS only as may be permitted under applicable CalPERS laws and regulations.

**B. PERSONAL LEAVE**

An employee may use three (3) sick days (24 hours) per year designated as "personal leave days." In no case shall personal leave days be taken in excess of three (3) days in any one calendar year. Personal leave days shall not be counted against an employee's sick time usage for evaluation purposes. Personal leave time is to provide staff with flexibility in their schedule by allowing paid time away to deal with personal/private and/or unexpected matters which necessitate short-term absences; they are not additional vacation days. Requests for personal leave should be made with as much advance notice as possible.

**C. VACATION**

MGMT group employees shall accrue vacation leave at the follow rate:

0-3 Years	10 days	(3.0771 hours per completed pay period)
4-5 Years	12 days	(3.6923 hours per completed pay period)
6-7 Years	14 days	(4.3076 hours per completed pay period)
8-9 Years	16 days	(4.9230 hours per completed pay period)
10-11 Years	18 days	(5.5384 hours per completed pay period)
12-14 Years	20 days	(6.1538 hours per completed pay period)
15-19 Years	22.5 days	(6.9230 hours per completed pay period)
20+ Years	25 days	(7.6923 hours per completed pay period)

Maximum accrual shall be two times the employee's annual accrual. Accrual to cease if maximum is reached. Employees meeting program requirements shall be eligible for three weeks' vacation buyback per year.

Any employee separating from City service who has accrued vacation leave shall be paid for all accrued and unused vacation at his or her rate of pay at the time of separation.

**D. VACATION BUY BACK**

Twice per year, employees will have the option to declare their intent to cash out accrued vacation and/or compensatory time off under the following conditions:

- Employees must have taken one (1) consecutive week of vacation and/or compensatory time off in the previous 12-month period.
- Hours cashed out shall be paid at straight time
- In December of each year, employees can declare their intent to cash out the leave (or a portion of the leave) they earn during the subsequent period January – June; they will be paid for it in July.

- In June of each year, employees can declare their intent to cash out the leave they earn during the subsequent period July – December; they will be paid for it in January.
- Once the election is made, it cannot be rescinded.

#### **E. HOLIDAY**

MGMT employees shall receive the following holidays with pay:'

- New Year's Day
- Martin Luther King's Birthday (third Monday in January)
- Presidents Day (third Monday in February)
- Memorial Day
- Independence Day
- Labor Day
- Veterans' Day
- Thanksgiving
- Day After Thanksgiving
- Christmas Day
- Employee's Birthday

Employees may also request the day before or after the Christmas holiday (day observed) or the day before or after the New Year's holiday (day observed). Employees shall be limited to a total of one paid holiday either before or after the Christmas or New Year's holiday and it is understood that final determination as to which holiday is allowed shall be made by their manager.

When any of the above-listed holidays falls on Saturday, it will be recognized on Friday. If it falls on Sunday, it will be recognized on Monday.

Employee's Birthday: An employee is entitled to the observance of his/her birthday as a holiday. The holiday may be taken after the birthday only if work requirements of the department permit. When his/her birthday falls on another holiday to which he/she is entitled, or a regularly scheduled day off, the birthday holiday shall be observed, if possible, on the day immediately preceding or following the day of his/her birthday. If he/she is required to work on his/her birthday, the employee shall be given a substitute day off with pay at straight time on a day designated by their manager.

Safety holiday: at the beginning of each calendar year, safety MGMT employees shall be granted a bank of ninety-six hours (representing the twelve holidays observed by the City) of holiday pay. When a holiday occurs, if the safety MGMT employee observes the holiday, they will record eight (8) hours of holiday for the day. If the safety MGMT employee is required to work on the holiday, they will record eight (8) hours regular work for that day. Any hours remaining in the holiday pay bank at the end of the calendar year will be paid out to the safety MGMT employee at their current pay rate. Upon separation of employment, only holiday hours that remain in the bank for holidays that have already occurred during the year will be paid out at the safety MGMT employees current pay rate.

#### **F. BEREAVEMENT LEAVE**

All MGMT employees are eligible for paid bereavement leave, up to three (3) days paid leave, where the death and service are within the State of California, and up to five (5) days paid leave

where the death or service is outside the State, to attend a funeral or memorial service, or to take care of family matters, that are related to the death of immediate family. "Immediate family" consists of the following: employee's spouse, parent, child, sister, brother, grandparent, or grandchild (and the corresponding relative by marriage) at the time the loss occurs.

#### **G. ADMINISTRATIVE LEAVE**

All MGMT employees exempt from overtime shall be granted 56 hours of administrative leave the first full pay period in January. Administrative leave hours shall be pro-rated on a monthly basis when a MGMT employee is appointed or leaves employment during the calendar year. Unused administrative leave will be paid out on the first pay period in December, or upon separation of employment.

#### **6. UNIFORM ALLOWANCE**

Employees required to wear a uniform, including the Emergency Services Chief, Battalion Chief(s), Police Chief and Lieutenant(s), shall receive the same uniform allowance as those they directly supervise. For "classic members" as defined by CalPERS, uniform allowance shall be reported to CalPERS as special compensation. Uniform allowance will be paid out annually in a lump sum on the first pay period in December.

#### **7. VEHICLE ASSIGNMENT**

For those MGMT group employees requiring the use of an automobile on a regular 24-hour basis to perform their normal duties, the City may provide a City vehicle. Executive Managers who are not provided a City vehicle shall receive a car allowance of \$175 per month, and will not be provided mileage reimbursement unless required to travel for City business outside the County.

#### **8. EMERGENCY RESPONSE COMPENSATION**

In recognition of the extraordinary circumstances of emergency response that result in MGMT exempt employees working hours above and beyond their normal work requirements, they will be compensated (at a straight time rate) for the additional hours spent on these assignments, but only when the City is reimbursed by either federal or state agencies so that there is no impact to the City's budget.

#### **9. WORK OUT-OF-CLASSIFICATION**

When a MGMT group employee is temporarily assigned in writing by the City Manager to a vacant, funded position in a higher classification and performs all the significant duties in the classification, that MGMT employee shall be compensated at the lowest step in the higher classification that provides a salary increase of at least five percent (5%). The temporary assignment must be over fifteen (15) consecutive working days. Such additional compensation shall begin on the sixteenth (16) working day after assignment to the duties of the higher vacant position.

#### **10. BILINGUAL PAY**

Employees who are or become certified (or recertify) as bilingual following ratification, will be paid one hundred (\$100) dollars per month for verbal only skills and an additional twenty-five (\$25) dollars per month for written bilingual skills (a combined maximum of \$125 per month for both verbal and written). Employees shall be required to pass qualifying examinations administered by the City to determine proficiency for bilingual assignments, including recertification every 5 years.

**11. MEDICAL REIMBURSEMENT**

All MGMT group employees shall be reimbursed up to two hundred and fifty dollars (\$250) towards un-reimbursed medical expenses every year.

**12. EDUCATION REIMBURSEMENT**

The City, within budgeted limitations, will reimburse educational costs that are directly related to the employee’s occupational field with the City or are related to and part of a planned course of study being actively pursued for promotion within the City service. For this purpose, the City shall reimburse up to \$3,000 annually (July 1 – June 30) for the costs of tuition, registration, books and lab fees. Travel, parking and other expenses are not subject to reimbursement. This is subject to all the provisions detailed in the Education Reimbursement Policy.

**13. WAGES**

Wages shall be set as shown below, which incorporates an additional three percent (3%) concurrent with the additional retirement contributions set forth in Section 2 above.

Classification	Current Wage Ranges						Amended Salary Ranges-to be implemented with PERS contract change (3.0%)					
	Range	Step 1	Step 2	Step 3	Step 4	Step 5	Range	Step 1	Step 2	Step 3	Step 4	Step 5
Confidential Assistant	295a	3793	4028	4276	4539	4820	294b	3908	4149	4405	4676	4965
Technician III (Info Systems Tech)	339a	4724	5015	5323	5652	6001	338b	4866	5166	5484	5822	6181
Supv/Prof/Coord I	339a	4724	5015	5323	5652	6001	338b	4866	5166	5484	5822	6181
Executive Assistant	347a	4916	5219	5541	5882	6245	347b	5064	5377	5707	6059	6432
Professional Manager II	411a	6764	7183	7626	8097	8597	411b	6967	7399	7855	8340	8855
Professional Manager III	460a	8638	9173	9739	10340	10977	460b	8898	9449	10032	10650	11307
Executive Manager	505a	10811	11480	12188	12941	13738	505b	11136	11825	12554	13329	14151
Safety Professional Manager III	468a	8990	9546	10135	10760	11424	468b	9261	9833	10439	11083	11767
Safety Executive Manager	513a	11252	11947	12685	13467	14297	513b	11590	12306	13066	13872	14727

CalPERS Labor Group Administrative Memo  
May 25, 2017

The current CalPERS system is unsustainable. Among other reasons:

- ❖ Increasing contribution rates will force some cities into bankruptcy, and other cities into insolvency. At the very minimum, cities will have to raid their reserves and reduce services to citizens in order to pay increasing CalPERS contributions.
- ❖ In addition to the problems caused by declining services, as contributions rates per employee in many cities will soon exceed that community's median household income (if they don't already), such that taxpayers are likely to balk.
- ❖ Some if not all taxpayer frustrations will be leveled at employees, as though this situation is employees' fault, which is not the case. Negative comments concerning employees are likely to be made at Council meetings and in the media. In addition, it will become increasingly likely that one or more Council candidates will run on an anti-employee platform.
- ❖ The funding ratio for many cities' CalPERS plans is already below 70%. The funding ratio for many other plans is declining, and soon could be below 70%, as CalPERS' own projections call for eliminating only half of its annual negative equity. This calls into question the ability of those plans to meet the needs of retirees on an ongoing basis. There is a very real chance that adequate funds will not be available when current employees retire.
- ❖ Next year, Paso Robles will pay \$3.9 million (or 10%) of its \$38.8 million General Fund to meet its General Fund CalPERS obligations. The City's CalPERS bill is forecast to climb to \$6.3 million in FY 2021-2 (or 14.8% of the projected \$42.4 million General Fund). At that rate of increase, and assuming no further adjustments to CalPERS actuarial projections, the City's CalPERS cost obligations would rise to 20% of the General Fund in just the next ten years. In order to meet those FY 2027-8 obligations, \$9.6 million worth of reductions will need to be made to City services in order to free up the necessary funds.

Realistically, we have only three primary options: do nothing; actively plan for insolvency; or address the challenges head on, working together to develop the needed long-term solutions. Only the third option is worth pursuing.

Significant systemic changes are necessary in order to resolve the unsustainability issue. Some of these changes are best achieved at the local level, addressed collaboratively by each city and its labor groups, at the bargaining table. The majority of needed changes, however, can be accomplished only at the state level, through changes by the CalPERS Board and the Legislature.

The interests of the City and the Unrepresented Confidential, Professional & Management Employees are aligned: both seek fair and reasonable changes to the CalPERS system to ensure long-term sustainability of the system.

Needed state-level changes acceptable to both executive management and City labor groups are most likely to be initiated by CalPERS member agencies and labor, working collaboratively.

City and the Unrepresented Confidential, Professional & Management Employees hereby jointly commit to:

- ❖ Request state-level membership organizations (e.g., the League of California Cities, state-wide labor affiliates) to alert and engage members, to make this issue a priority, and to commit to a set of collaborative solutions;
- ❖ Encourage, educate, and engage peers (e.g., other cities, other labor groups) to make this issue a priority and to lend their voice to our request to state-level membership organizations;
- ❖ Jointly analyze options with an open mind as to potential solutions; and
- ❖ Other collaborative efforts as they arise.