



Staff Report

Date: August 2, 2016

To: City Council

From: Valerie J. Barone, City Manager

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Subject: **Considering Resolution Nos. 16-4735.8, 16-4735.9, and 16-4735.10 approving adjustments to Confidential Employee, Management, Executive Management, City Attorney and City Manager Benefits**

Report in Brief

At its meeting of June 28, 2016, the City Council adopted a number of resolutions impacting unrepresented employees (Resolution Nos. 16-4735.8, 16-4735.9 and 16-4735.10.) These resolutions outlined wage and benefit changes for three fiscal years: FY 2016-17, FY 2017-18, and FY 2018-19. In light of recent negotiation outcomes completed with represented bargaining groups, the City Council is being asked to consider additional benefit changes for unrepresented employees to provide parity among all City employees. The proposed changes reflected in the attached draft resolutions (Nos. 16-4735.8, 16-4735.9 and 16-4735.10) provide for the reinstatement of previously suspended benefits for management and executive management employees which had been voluntarily relinquished by those employee groups to assist the City in addressing the financial challenges created by the Great Recession, and modify the current premium sharing formula for active employee medical between the City and Confidential, Management, and Executive Management employees, and make similar adjustments with respect to the City Attorney and City Manager, based on current contract provisions. Confidential employees, Management employees, Executive Management employees, the City Attorney, and City Manager are unrepresented employees.

Recommended Action

- Adopt Resolution No. 16-4735.8, approving adjustments to Confidential Employee benefits.

- Adopt Resolution No. 16-4735.9, approving adjustments to Management benefits.
- Adopt Resolution No. 16-4735.10, approving adjustments to Executive Management, City Attorney and City Manager benefits.

Background

Unrepresented employees reduced their compensation and benefits over the past several years to help address major structural shortfalls in the City's budget caused by the Great Recession. Concord employees provide excellent public services and are deeply committed to the City. They have unquestionably made significant sacrifices to help the City address the budget shortfalls it has faced over the years. The City has been working to restore City services and some of the concessions given up by its employees. This proposal provides for the restoration of remaining suspended benefits and parity with represented bargaining groups with regards to active employee medical for unrepresented employees.

Below is a presentation of the benefits adjustments that apply to the unrepresented groups.

Adjustments in Benefits For Unrepresented Employees:

- Active employee medical:
 - The City's premium contribution for active employee medical coverage will be 90% of the 2016 Kaiser rate:

▪ Employee Only:	\$671.82/month
▪ Employee Plus One:	\$1,343.65/month
▪ Employee Plus Two or more:	\$1,746.74/month

Beginning in 2017, the Employer/Employee cost share on annual premium changes shall be 75%/25% with the City's portion being 75% of any increases or decreases in the Kaiser premium rate, and the employee's portion being the remaining 25% of any such increases or decreases. Council had previously authorized a 50%/50% split for unrepresented employees. The recently adopted successor Memoranda of Understanding for Teamsters and OPEIU Local 29 bargaining groups and the successor Memoranda of Understanding being considered by Council on August 2nd for the sworn units provide for a 75%/25% share. Council is requested to set the same cost sharing of future increases/decreases in the premium for the unrepresented employees to provide parity within the organization.

- Flexible Benefit and Deferred Compensation (401K):
 - Convert the \$1,000 annual Flexible Benefit for Confidential employees to a \$1,000 401(k) flat-dollar employer contribution. The conversion of this existing Flexible Benefit to the 401(k) is in response to legislative changes limiting the amount of employer contribution to flexible benefit. The \$1,000 flat-dollar employer contribution to the 401(k) will be paid out over 26 pay periods, commencing in calendar year 2017 following Council action. This benefit remains non-PERSable.
 - In-lieu of reinstating the prior \$2,000 annual Flexible Benefit for Management and Executive Management employees, and City Attorney and City Manager in accordance with their current contract provisions, establish a \$2,000 401(k) flat-dollar employer contribution. A 401(k) contribution in-lieu of reinstating the prior flexible benefit contribution is recommended due to legislative changes limiting the amount of employer contribution to flexible benefits. The \$2,000 flat-dollar employer contribution to the 401(k) will be paid out over 26 pay periods, commencing with the first full pay period following Council action. This benefit remains non-PERSable.
 - Reinstated, effective the first full pay period following Council action, the formerly suspended 3% employer contribution to 401(k) for Executive Management employees and the City Manager in accordance with her current contract provisions.

Analysis

In preparing the benefit changes for unrepresented employees outlined in the attached resolutions, the Council was guided by the following four goals:

1. Treat employees fairly;
2. Position the City to be competitive for recruitment and retention;
3. Implement changes that meet the City's long-term goal of fiscal sustainability; and
4. Modify retiree medical benefits to achieve sustainability of the benefit and significantly reduce the City's unfunded liability.

All of these goals have been achieved by the prior resolutions passed by the City Council at their meeting of June 28, 2016, which outlined wage and benefit changes for three fiscal years: FY 2016-17, FY 2017-18, and FY 2018-19 (Resolution Nos. 16-4735.4, 16-4735.5 and 16-4735.6) and the resolutions presented herein.

City Council Agenda Report
Considering Resolution Nos. 16-4735.8, 16-4735.9, and 16-4735.10 approving
adjustments to Confidential Employee, Management, Executive Management, City
Attorney and City Manager Benefits
August 2, 2016

Financial Impact

The total cost of the proposed benefit changes outlined in the resolutions is \$145,500 for the remaining 2016-17 fiscal year. Funding is available in the FY 2016-17 budget for these costs. Funding for FY 2017-18 and FY 2018-19 will be incorporated into the City's next two-year biennial budget.

Public Contact

All affected employees have been educated about this proposal and the agenda was posted.

Attachments

1. Resolution No. 16-4735.8 Approving Adjustments to Confidential Employee Benefits
2. Resolution No. 16-4735.9 Approving Adjustments to Management Benefits
3. Resolution No. 16-4735.10 Approving Adjustments to Executive Management, City Attorney and City Manager benefits

**BEFORE THE CITY COUNCIL OF THE CITY OF CONCORD
COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA**

**A Resolution Approving Adjustments to Benefits for
Confidential Employees**

Resolution No. 16-4735.8

WHEREAS, the City Council, at its meeting on August 2, 2016 considered staff's recommended adjustments to benefits for Confidential employees.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CONCORD DOES
RESOLVE AS FOLLOWS:**

Section 1. Approves the following adjustments to benefits for Confidential employees:

- (a) Effective with plan year 2017, the City and the employees covered by this resolution will share on a 75%/25% basis with the City picking up 75% and the employee picking up 25% of any increases (or decreases) in health premiums from the applicable premium rate for the Kaiser plan offered through CalPERS.
- (b) Effective with plan year 2017 and forward, convert the current \$1,000 annual Flexible Spending Account (FSA) employer contribution benefit to a \$1,000 annual flat-dollar employer contribution to the 401(K) paid out on a 26-pay period basis. This change is the result of Federal Internal Revenue Service (IRS) that places limits on the amount an employer contributes to a FSA.

Section 2. This resolution shall become effective immediately upon its passage and adoption.

PASSED AND ADOPTED by the City Council of the City of Concord on August 2, 2016, by the following vote:

- AYES:** Councilmembers -
- NOES:** Councilmembers -
- ABSTAIN:** Councilmembers -
- ABSENT:** Councilmembers –

**BEFORE THE CITY COUNCIL OF THE CITY OF CONCORD
COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA**

**A Resolution Approving Adjustments to Benefits for
Management Employees**

Resolution No. 16-4735.9

WHEREAS, the City Council, at its meeting on August 2, 2016, considered staff’s recommended adjustments to the compensation for Management employees.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CONCORD DOES
RESOLVE AS FOLLOWS:**

Section 1. Approves the following adjustments to salary and benefits for Management employees:

- (a) Effective with plan year 2017, the City and the employees covered by this resolution will share on a 75%/25% basis with the City picking up 75% and the employee picking up 25% of any increases (or decreases) in health premiums from the applicable premium rate for the Kaiser plan offered through CalPERS.
- (b) Effective the first full pay period following Council action, in-lieu of re-instating the suspended \$2,000 annual Flexible Spending Account (FSA) contribution, establish an annual flat-dollar contribution in the amount of \$2,000 to 401(k), which shall be paid out on a 26-pay period basis.

Section 2. This resolution shall become effective immediately upon its passage and adoption.

PASSED AND ADOPTED by the City Council of the City of Concord on August 2, 2016, by the following vote:

AYES: Councilmembers –

NOES: Councilmembers -

ABSTAIN: Councilmembers -

ABSENT: Councilmembers –

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1 **I HEREBY CERTIFY** that the foregoing Resolution No. 16-4735.9 was duly and regularly
2 adopted at a regular meeting of the City Council of the City of Concord on August, 2016.
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5 _____
Joelle Fockler, MMC
City Clerk

6 **APPROVED AS TO FORM:**

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8 _____
Susanne Meyer Brown
City Attorney
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**BEFORE THE CITY COUNCIL OF THE CITY OF CONCORD
COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA**

**A Resolution Approving Adjustments to Executive
Management, City Attorney and City Manager
Benefits**

Resolution No. 16-4735.10

WHEREAS, the City Council, at its meeting on August 2, 2016 considered staff's recommended adjustments to the compensation and benefits for executive employees identified in the Municipal Code as "Exempt Service/Appointive" positions (referred to herein as "Executive Management"), the City Attorney, and the City Manager; and

WHEREAS, the City Manager and City Attorney have contracts that provide they receive the benefits provided to Executive Management staff.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CONCORD DOES
RESOLVE AS FOLLOWS:**

Section 1. Approves the following adjustments to benefits:

(a) For Executive Management, the City Attorney, and the City Manager: Effective with plan year 2017, the City and the employees covered by this resolution will share on a 75%/25% basis with the City picking up 75% and the employee picking up 25% of any increases (or decreases) in health premiums from the applicable premium rate for the Kaiser plan offered through CalPERS.

(b) For Executive Management, the City Attorney, and the City Manager: Effective the first full pay period following Council action, in-lieu of re-instating the suspended \$2,000 annual Flexible Spending Account (FSA) contribution, establish an annual flat-dollar contribution in the amount of \$2,000 to 401(k), which shall be paid out on a 26-pay period basis.

(c) For Executive Management and the City Manager: Effective the first full pay period following Council action, re-instate the suspended 3% employer contribution to 401(k).

Section 2. This resolution shall become effective immediately upon its passage and adoption.

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