

**RESOLUTION NO. 10315 (2011 Series)**

**A RESOLUTION OF THE CITY OF SAN LUIS OBISPO REGARDING  
MANAGEMENT COMPENSATION FOR APPOINTED OFFICIALS, DEPARTMENT  
HEADS, AND MANAGEMENT EMPLOYEES AND SUPERSEDING PREVIOUS  
RESOLUTIONS IN CONFLICT**

**WHEREAS**, the unrepresented management employees (Appointed Officials, Department Heads, and Management employees) of the City of San Luis Obispo met multiple times during the months of September and October to identify sustainable reductions in total compensation costs to achieve Council's labor relations objectives to reduce total compensation costs and implement sustainable pension cost containment and reductions; and

**WHEREAS**, the City of San Luis Obispo strives to provide excellent service to the community at all times, and supports this standard by promoting organizational values including customer service, productivity, accountability, innovation, initiative, stewardship, and ethics; and

**WHEREAS**, to achieve its service standards the City must attract and retain well qualified employees who exemplify its organizational values, and

**WHEREAS**, the unrepresented management employees acknowledge the fiscal challenges facing the City of San Luis Obispo and are committed to working with the City to help achieve long-term sustainable solutions; and

**WHEREAS**, the unrepresented management employees have demonstrated sensitivity to the fiscal challenges facing the City for several years by agreeing to no across the board salary increases (e.g. "cost of living" increases) since January 2009; and

**WHEREAS**, the unrepresented management employees have also agreed to no increases in the City's contribution to health care for the past two calendar years, while medical premiums have increased in that same timeframe and will increase again in 2012; and

**WHEREAS**, the unrepresented management employees remain committed to providing high quality service to the citizens of San Luis Obispo in an efficient and effective manner.

**NOW, THEREFORE, BE IT RESOLVED**, that the Council of the City of San Luis Obispo hereby revises management compensation as follows:

**SECTION 1.** Unrepresented management employees will begin paying the full Member Contribution to CalPERS (e.g. eight percent of salary for Miscellaneous employees and nine percent of salary for Safety employees) and the City will no longer report to CalPERS the Member Contribution as additional compensation, effective the first full payroll period in January 2012.

**SECTION 2.** There will be no across the board salary increases (e.g. "cost of living" increases).

**SECTION 3.** There will be no increase to the City's health contribution.

**SECTION 4.** Cash out of administrative leave is eliminated.

**SECTION 5.** City Manager's car allowance as set forth in Resolution 9440 (2003 Series) is eliminated.

**SECTION 6.** The Mayor is hereby authorized to execute amended contracts with the City Manager and the City Attorney reducing their compensation as specified in this resolution.

**SECTION 7.** The City shall continue to provide employees certain fringe benefits as set forth in Exhibit "A", fully incorporated by reference.

**SECTION 8.** Unrepresented management employees acknowledge the City's need to achieve long term financial sustainability and pension cost reductions through the establishment of a second tier retirement formula for new employees. If the City amends the CalPERS Miscellaneous contract to provide a second tier retirement formula, management employees will participate as required by CalPERS.

**SECTION 9.** All prior resolutions relating to management and appointed official compensation and benefits are hereby superseded to the extent inconsistent with this resolution.

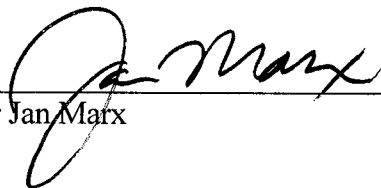
**SECTION 10.** This resolution shall be in effect from January 1, 2012 through December 31, 2013.

**SECTION 11.** The Director of Finance and Information Technology shall reduce the appropriate accounts to reflect the compensation changes.

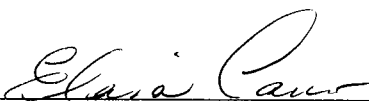
Upon motion of Council Member Carter, seconded by Council Member Ashbaugh and on the following vote:

AYES:	Council Members Ashbaugh and Carter and Mayor Marx
NOES:	Council Member Smith and Vice Mayor Carpenter
ABSENT:	None

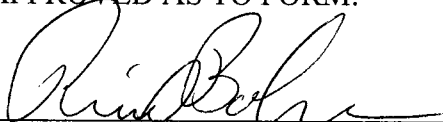
The foregoing resolution was adopted this 6th day of December, 2011.

  
\_\_\_\_\_  
Mayor Jan Marx

ATTEST:

  
\_\_\_\_\_  
Elaina Cano  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
Richard C. Bolanos  
Partner, Liebert Cassidy Whitmore

**MANAGEMENT FRINGE BENEFITS 2012****Section A Medical, Dental, Vision**

The City shall establish and maintain medical, dental and vision insurance plans for department head and management employees and their dependents. The City reserves the right to choose the method of insuring and plans to be offered.

The City has elected to participate in the PERS Health Benefit Program pursuant to the Public Employees' Medical and Hospital Care Act (PEMHCA) with the "unequal contribution option" at the PERS minimum contribution rates, \$112.00 per month for active employees and \$106.40 for retirees as of January 1, 2012. The City's contribution toward retirees shall be increased by 5% per year of the City's contribution for the active employees until such time as contributions for employees and retirees are equal.

Employees with proof of medical insurance elsewhere are not required to participate in the medical insurance plan and may receive the unused portion of the City's contribution (after dental and vision insurance is deducted) in cash in accordance with the City's cafeteria plan. Those employees will be assessed \$16.00 per month to be placed in the Retiree Health Insurance Account. This account will be used to fund the City's contribution toward retiree premiums and the City's costs for the Public Employees' Contingency Reserve Fund and Administrative Costs. However, there is no requirement that these funds be used exclusively for this purpose, nor any guarantee that they will be sufficient to fund retiree health costs, although they will be used for employee benefits.

Employees will be required to participate in the City's dental and vision plans at the employee-only rate. Should they elect to cover dependents in the City's dental and vision plans, they may do so, even if they do not have dependent coverage for medical insurance.

Employees shall participate in term life insurance of \$4,000 through payroll deduction as a part of the cafeteria plan.

**Section B Cafeteria Plan Contribution**

The City's contribution to the Cafeteria Plan for regular, full-time employees will remain the same as the 2010 amounts.

Employee Only	\$469 monthly
Employee + 1	\$938 monthly
Employee + Family	\$1254 monthly

Employees with proof of medical insurance elsewhere may elect to opt out of the City's medical plan and receive a \$200 cafeteria contribution. Employees who opted out of the City's medical insurance coverage and were hired prior to August 31, 2008 were "grandfathered" in at the \$790 per month contribution level, until that time when they elected to be covered under the tiered contribution structure. An employee elects to be covered under the tiered contribution structure

when he or she enrolls as an employee only or with dependents (employee plus one or family). At that time the employee would no longer be grandfathered in at the \$790 per month contribution, but would receive the tiered contribution amount.

Employees hired prior to August 31, 2008 that had employee only medical insurance coverage were "grandfathered" in at the \$790 per month contribution level, until such time when they added dependents or opted out. At that time the employee would no longer be grandfathered in at the \$790 per month contribution, but would receive the tiered contribution amount.

Less than full-time employees shall receive a prorated share of the City's contribution.

The City agrees to continue its contribution to the cafeteria plan for two (2) pay periods in the event that an employee has exhausted all paid time off due to an employee's catastrophic illness.

### **Section C**     **Life and Disability Insurance**

The City shall provide the following special insurance benefits in recognition of management responsibilities:

1. Long-term disability insurance providing 66 2/3% of gross salary (maximum benefit \$5,500 per month) to age 65 for any sickness or accident, subject to the exclusions in the long-term disability policy, after a 30-day waiting period.
2. In addition to \$4,000 term life insurance purchased by the employee through the cafeteria plan a \$100,000 term life insurance for department heads and \$50,000 term life insurance for management employees, including accidental death and dismemberment.

### **Section D**     **Retirement**

The City shall provide the California Public Employees' Retirement System's (CalPERS) 2.7% at 55 plan to all eligible employees including the amendments permitting conversion of unused sick leave to additional retirement credit, the 1959 survivor's benefit (Level Four), one year final compensation, and pre-retirement Option 2 death benefit.

The Police and Fire Chiefs shall receive the same retirement formula as sworn personnel in their departments.

The employee is responsible for paying the employee's contribution to CalPERS (8% for miscellaneous, 9% for safety) effective the first full pay period in January 2012.

The City shall no longer report as salary all Employer-Paid Member Contributions (EPMC) to CalPERS for the purposes of retirement credit in accordance with Government Code Section 20636 (c) (4) effective the first full pay period in January 2012.

**Section E**      **Supplemental Retirement**

The City shall contribute 1% of salary for management employees and 2% of salary for department heads to a defined contribution supplemental retirement plan established in accordance with sections 401 (a) and 501 (a) of the Internal Revenue Code of 1986 and California Government Code sections 53215-53224.

**Section G**      **Retiree Medical Benefit Trust**

Management employees participate in the San Luis Obispo Employees Retiree Medical Trust. This trust aims to provide for health insurance and other medical expense reimbursements to San Luis Obispo City Employees Association (SLOCEA) and management employees after retirement. The Trust is administered separately by SLOCEA and a Board of Trustees. The City is not involved with the establishment or administration of the Trust. Included in the funding for the Trust will be amounts designated by SLOCEA to be deducted from each employees' paycheck. The City's sole responsibility is to forward the designated amounts to the Trust. The employee contribution is currently \$100 per month and \$6.50 per month to SLOCEA for administration of the Trust.

Appointed officials and public safety chiefs have opted not to participate in the Retiree Medical Trust.

**Section H**      **Pay for Performance**

In 1996 the City Council established the Management Pay for Performance System for management employees. The system is designed to recognize and reward excellent performance by managers and to provide an incentive for continuous improvement and sustained high performance. Instead of step increases, the management employee moves through his/her salary range solely according to accomplishment of objectives and job-related behavior. Further information about the Management Pay for Performance System can be found in the Management Pay for Performance System Guide.

**Section I**      **Vacation**

Vacation leave is governed by section 2.36.440 of the Municipal Code, except that it may be taken after the completion of the sixth calendar month of service since the benefit date. Vacation leave shall be accrued as earned each payroll period provided that not more than twice the annual rate may be carried over to a new calendar year.

However, if the City Manager determines that a department head has been unable to take vacation due to the press of City business, the City Manager may approve up to a six-month extension of maximum vacation accrual. The City Manager may, within two years of appointing a department head, increase the rate of vacation accrual to a maximum of 120 hours per year.

Vacation schedules for management employees shall be based upon the needs of the City and then, insofar as possible, upon the wishes of the employee. A department head may not deny a management employee's vacation request if such denial will result in the loss of vacation accrual by the employee, except that, a department head may approve up to a six-month extension of maximum vacation accrual. However, in no event shall more than one such extension be granted in any calendar year.

Department Head and management employees are eligible, once annually in December, to request payment for up to 40 hours of unused vacation leave provided that an employee's overall performance and attendance practices are satisfactory.

#### **Section J**      **Administrative Leave**

Department heads and appointed officials shall be granted 80 hours of administrative leave per calendar year.

Management employees shall be granted 48 hours of administrative leave per calendar year.

Administrative leave hours shall be pro-rated when a department head or management employee is appointed or leaves employment during the calendar year. The employee's final check will be adjusted to reflect the pro-rated hours, however there is no provision to receive cash payment for unused administrative hours.

Department Heads and Managers are considered exempt from the overtime provisions of the Fair Labor Standards Act (FLSA) and not eligible for overtime payment. In general, management employees are expected to work the hours necessary to successfully carry out their duties and frequently must return to work or attend meetings and events outside their normal working hours. However, when specifically authorized by the department head due to extraordinary circumstances, a management employee may receive overtime payment of time and one-half for hours worked above and beyond what would be considered normal work requirements during an emergency event lasting at least eight (8) hours.

#### **Section K**      **Holidays**

Department heads and management employees shall receive 11 fixed plus 2 floating holidays per year. The floating holidays shall be accrued on a semi-monthly basis and added to the vacation accrual.

#### **Section L**      **Sick Leave**

Sick leave is governed by section 2.36.420 of the Municipal Code. An employee may take up to 16 hours per year of sick leave if required to be away from the job to personally care for a member of his/her immediate family as defined in Section 2.36.420. This may be extended to 40 hours per year if the family member is part of the employee's household and to 56 hours if a household family member is hospitalized and the employee submits written verification of such hospitalization. If the family member is a child, parent, domestic partner or spouse, an employee

may use up to 48 hours annually to attend to the illness of the child, parent or spouse, instead of the lesser maximums above, in accordance with Labor Code Section 233.

In conjunction with existing leave benefits, department head and management employees with one year of City service who have worked at least 1,280 hours in the previous year may be eligible for up to 12 weeks of Family/Medical Leave in accordance with the federal Family and Medical Leave Act and the California Family Rights Act.

Sick leave may be used to be absent from duty due to the death of a member of the employee's immediate family as defined in Section 2.36.420, provided such leave shall not exceed forty working hours for each incident. The employee may be required to submit proof of relative's death before being granted sick leave pay. False information concerning the death or relationship shall be cause for discharge.

Upon termination of employment by death or retirement, a percentage of the dollar value of the employee's accumulated sick leave will be paid to the employee, or the designated beneficiary or beneficiaries according to the following schedule:

- (A) Death – 25%
- (B) Retirement and actual commencement of CalPERS benefits:
  - (1) After ten years of continuous employment – 10%
  - (2) After twenty years of continuous employment – 15%

**Section M      Workers' Compensation Leave**

An employee who is absent from duty because of on-the-job injury in accordance with State workers' compensation law and is not eligible for disability payments under Labor Code Section 4850 shall be paid the difference between his/her base salary and the amount provided by workers' compensation law during the first ninety (90) business days of such temporary disability absence. Eligibility for workers' compensation leave requires an open workers' compensation claim.

**Section N      Vehicle Assignment**

For those department heads requiring the use of an automobile on a regular 24-hour basis to perform their normal duties, the City will, at City option, provide a City vehicle or an appropriate allowance for the employee's use of a personal automobile. Department heads who are not provided a City vehicle shall receive a car allowance of \$236 per month.

The use of a personal automobile for City business will be eligible for mileage reimbursement in accordance with standard City policy.

**Section O**      **Uniform Allowance**

For employees required to wear a uniform, including the Fire Chief, Fire Marshall and Police Chief, shall receive the same uniform allowance as those they directly supervise.

**Section P**      **Appointed Officials**

The fringe benefits outlined in this exhibit for department heads apply to appointed officials, except where they have been modified by council resolution.