

**REPORT TO MAYOR/REDEVELOPMENT AGENCY CHAIR
AND COUNCIL/AGENCY BOARD****TO THE HONORABLE MAYOR/REDEVELOPMENT AGENCY CHAIR
AND CITY COUNCIL/AGENCY BOARD:**

DATE: June 22, 2010

**SUBJECT: RESOLUTIONS APPROVING ADJUSTMENTS TO CITY MANAGER, CITY
ATTORNEY, EXECUTIVE MANAGEMENT, MANAGEMENT AND
CONFIDENTIAL EMPLOYEE COMPENSATION****Report in Brief**

In these uncertain economic times, it is critically important for the City of Concord's management team to demonstrate leadership in addressing the City's fiscal challenges. Consequently, the City Council and the Redevelopment Agency Board are being asked to approve reductions in compensation and benefits for the Executive Management Team, as well as the Management and Confidential employees for Fiscal Years 2010-2011 and 2011-2012. These compensation adjustments will assist the City in addressing the projected budget deficit in the City's 10-Year Plan, reducing the deficit by \$ 300,000. As important, the proposed concessions structurally change the relationship between the City and the affected employees by requiring them to begin assuming costs associated with their benefits and by setting the stage to establish a second and lower tier for retirement benefits with new hires.

Discussion

Given continuing State takeaways of City funds and the double-digit decline of the City's sales and property tax revenues, the City's overall budget deficit has grown to \$23 million. The City has already taken actions that address \$10 million of this deficit, and is in the process of adopting a budget for FY 2010-11 that will close another \$ 5.6 million of the deficit. These actions result in a remaining budget gap of \$ 7.4 million. The proposed additional reductions to the City's Executive Management Team and its Management and Confidential employees' pay and benefits will contribute an additional \$ 300,000 towards balancing the City's budget.

The employee concessions for these unrepresented groups continue the existing concessions which were made in FY 2009-10, and adopt additional concessions that structurally change the employee benefit system in Concord. Below is a presentation of each group's FY 2009-2010 concessions, followed by a presentation of the additional concessions that apply across all three groups.

**APPROVING ADJUSTMENTS TO CITY MANAGER, CITY ATTORNEY,
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City Manager, City Attorney and Executive Management Existing & Continuing Concessions:

The Executive Management Team, a group of 8 employees, and the City Manager and City Attorney voluntarily reduced their compensation in FY 2009-10 by 9%. This included a 5% reduction in salaries from FY 2008-2009 levels implemented through 13 furlough days and a freeze on salaries, suspension of the City's contribution to 401(k) deferred compensation accounts (3% of salary), and a suspension of the City-paid Flexible Benefit Plan (\$2,000 per calendar year).

Management Employees Existing & Continuing Concessions:

Management employees, a group of 40 individuals, experienced a 7% reduction in compensation in FY 2009-2010. This included a 5% reduction in salaries from FY 2008-09 levels implemented through 13 furlough days and a salary freeze, and suspension of the City-paid Flexible Benefit Plan (\$2,000 per calendar year).

Confidential Employees Existing & Continuing Concessions:

Confidential employees, a group of 10 individuals, experienced a 5% reduction in compensation in FY 2009-10. This included a 5% reduction in salaries from FY 2008-09 levels implemented through 13 furlough days and a freeze on salary step increases.

New Concessions For All Unrepresented Employees in FY 2010 through FY 2011:

- Effective the first pay period in July 2010, the City will reduce the Employer Paid Member Contribution (EPMC) by 2%, resulting in the employees paying 2% of the member contribution towards their Public Employee Retirement System (PERS) benefit.
- Effective the first pay period of July 2011, the City will reduce the EPMC by an additional 3%, resulting in the employees paying an additional 3%, for a total of 5%, of the member contribution towards their PERS benefit.
- Concurrently in July of 2011, the top of the salary range for the unrepresented employees shall be increased by 3%; however, the ability to move up within the salary range is subject to work performance and a finding by the City Manager that the budget can support the unfreezing of salaries. Through this process the Confidential employees will transition away from a salary "step" structure to a performance salary structure that allows a pay increase of between 0 and 5% each year, until an employee reaches the top of their range. (This provision would not be applicable to the City Attorney and City Manager at this time; instead, these provisions would be subject to subsequent Council action following completion of annual performance review of the City Attorney and City Manager.)

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- Effective the first pay periods in July 2010 and July 2011, 41.6 hours of vacation will be granted to each Executive Management, Management and Confidential employee. (This provision would not be applicable to the City Attorney and City Manager at this time; instead, these provisions would be subject to subsequent Council action following completion of annual performance review of the City Attorney and City Manager.)
- Effective January 1, 2011, employees will split evenly any future increases (or decreases) in health premiums from the applicable premium rate for the Kaiser plan offered through CalPERS for 2010,
- The City shall implement a lower tiered, 2.0% @ 55, PERS retirement formula for new hires in the unrepresented classifications at the same time it does for all other miscellaneous (non-sworn) employees. (CalPERS requires that modifications to the retirement formula for miscellaneous employees be done concurrently, it can not be done bargaining group by bargaining group.)

Fiscal Impact

The impact of the new concessions on the budget deficit would be to reduce it by \$300,000.

Public Contact

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

Recommendation for Action

Staff recommends that the Council and Redevelopment Agency Board approve the following Resolutions adjusting compensation in the form of salaries and benefits for unrepresented employees:

1. Adopt Resolution No. 10-4735.6, approving adjustments to compensation for the City Manager, City Attorney and Executive Management Employees.
2. Adopt Resolution No.10-4735.7, approving adjustments to compensation for Management Employees.
3. Adopt Resolution No. 10-4735.8, approving adjustments to compensation for Confidential Employees.
4. Adopt Resolution No. 10-4735. 10, authorizing paying and reporting the value of Employer Paid Member Contributions for Executive Management and Management Employees.

**APPROVING ADJUSTMENTS TO CITY MANAGER, CITY ATTORNEY,
EXECUTIVE MANAGEMENT, MANAGEMENT AND CONFIDENTIAL
EMPLOYEE COMPENSATION**

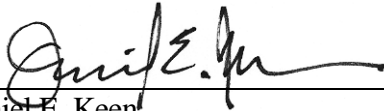
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5. Adopt Resolution No. 10-4735.12, authorizing paying and reporting the value of Employer Paid Member Contributions for Confidential Employees.

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Attachment #1: Resolution No. 4735.6 – City Manager, City Attorney, and Executive Management

Attachment #2: Resolution No. 4735.7 – Unrepresented Management

Attachment #3: Resolution No. 4735.8 – Unrepresented Confidential

Attachment #4: Resolution No. 4735.10 – EPMC Adjustment Executive Management and Management
Employees

Attachment #5: Resolution No. 4735.12 – EPMC Adjustment Confidential Employees

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

**A Resolution Approving Adjustments to
Compensation for City Manager, City Attorney and
Executive Management
Employees**

Resolution No. 10-4735.6

WHEREAS, the City Council, at its meeting on June 22, 2010, considered staff's recommended adjustments to the compensation for the City Manager, City Attorney and Executive Management employees for a two-year period.

**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 the City Manager, City Attorney and Executive Management employees:

- (a) Salaries will be reduced by up to a five percent (5%) from 2008-09 levels, to be implemented through 13 furlough days during Fiscal Year 2010-2011, as determined by the City Manager.
- (b) Salaries will be reduced by up to a five percent (5%) from 2008-09 levels, to be implemented through 13 furlough days during Fiscal Year 2011-2012, as determined by the City Manager.
- (c) Suspension of future incentive compensation awards pursuant to the City's Executive and Management Compensation Program for Fiscal Year 2010-2011.
- (d) Suspension of the City's contribution to 401(k) Deferred Compensation Plan (3% of salary) for Fiscal Years 2010-2011 and 2011-2012,
- (e) Suspension of the City-paid Flexible Benefit Plan (\$2,000) for calendar years 2011 and 2012.
- (f) Effective the first pay period in July 2010, the City will reduce the Employer Paid Member Contribution by 2% (from 8% to 6%).
- (g) Effective the first pay period in July 2011, the top of the salary range for Executive Management classifications shall be increased by 3% with performance-based

1 movement through the salary range with annual increases of up to 5% possible until the
2 top of the range is reached. However, unfreezing of salaries is dependent upon the City
3 Manager determining that the budget is stable.

- 4 (h) Effective the first pay period in July 2011, the City will reduce the Employer Paid
5 Member Contribution by an additional 3% (from 6% to 3%).
- 6 (i) Effective the first pay periods in July 2010 and July 2011, 41.6 hours of vacation will
7 be granted to each employee.
- 8 (j) Effective January 1, 2011, the City and the employees covered by this resolution will
9 split evenly any future increases (or decreases) in health premiums from the applicable
10 premium rate for the Kaiser plan offered through CalPERS for 2010.
- 11 (k) The City may implement the 2.0% @ 55 retirement formula for new hires in
12 classifications covered by this resolution at the same time it does so for all other
13 miscellaneous (non-sworn) employees.

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

15 **PASSED AND ADOPTED** by the City Council of the City of Concord on June 22, 2010, by
16 the following vote:

- 17 **AYES:** Councilmembers –
- 18 **NOES:** Councilmembers -
- 19 **ABSTAIN:** Councilmembers -
- 20 **ABSENT:** Councilmembers -

21 **I HEREBY CERTIFY** that the foregoing Resolution No. 10-4735.6 was duly and regularly
22 adopted at a regular joint meeting of the City Council and the Redevelopment Agency of the City of
23 Concord on June 22, 2010.

24
25 **APPROVED AS TO FORM:**

Mary Rae Lehman, CMC
City Clerk

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27 _____
Craig Labadie
City Attorney

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

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

Resolution No. 10-4735.7

WHEREAS, the City Council, at its meeting on June 22, 2010, considered staff’s recommended adjustments to the compensation for the Management employees for a two-year period.

**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) Salaries will be reduced by up to a five percent (5%) from 2008-09 levels, to be implemented through 13 furlough days during Fiscal Year 2010-2011, as determined by the City Manager.
- (b) Salaries will be reduced by up to a five percent (5%) from 2008-09 levels, to be implemented through 13 furlough days during Fiscal Year 2010-2011, as determined by the City Manager.
- (c) Suspension of future incentive compensation awards pursuant to the City’s Executive and Management Compensation Program for Fiscal Year 2010-2011.
- (d) Suspension of the City-paid Flexible Benefit Plan (\$2,000) for calendar years 2011 and 2012.
- (e) Effective the first pay period in July 2010, the City will reduce the Employer Paid Member Contribution by 2% (from 8% to 6%).
- (f) Effective the first pay period in July 2011, the top of the salary range for Management classifications shall be increased by 3%. However, unfreezing of salaries is dependent upon the City Manager determining that the budget is stable.
- (g) Effective the first pay period in July 2011, the City will reduce the Employer Paid Member Contribution by an additional 3% (from 6% to 3%).

- 1 (h) Effective the first pay periods in July 2010 and July 2011, 41.6 hours of vacation will
- 2 be granted to each employee.
- 3 (i) Effective January 1, 2011, the City and the employees covered by this resolution will
- 4 split evenly any future increases (or decreases) in health premiums from the applicable
- 5 premium rate for the Kaiser plan offered through CalPERS for 2010.
- 6 (j) The City may implement the 2.0% @ 55 retirement formula for new hires in
- 7 classifications covered by this resolution at the same time it does so for all other
- 8 miscellaneous (non-sworn) employees.

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

10 **PASSED AND ADOPTED** by the City Council of the City of Concord on June 22, 2010, by
11 the following vote:

- 12 **AYES:** Councilmembers –
- 13 **NOES:** Councilmembers -
- 14 **ABSTAIN:** Councilmembers -
- 15 **ABSENT:** Councilmembers -

16 **I HEREBY CERTIFY** that the foregoing Resolution No. 10-4735.7 was duly and regularly
17 adopted at a regular joint meeting of the City Council and the Redevelopment Agency of the City of
18 Concord on June 22, 2010.

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20 _____
Mary Rae Lehman, CMC
City Clerk

21
22 **APPROVED AS TO FORM:**

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24 _____
25 Craig Labadie
City Attorney

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

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

Resolution No. 10-4735.8

WHEREAS, the City Council, at its meeting on June 22, 2010, considered staff's recommended adjustments to the compensation for the Confidential employees for a two-year period.

**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 Confidential employees:

- (a) Salaries will be reduced by 5% from 2008-09 levels, to be implemented through 13 furlough days during Fiscal Year 2010-2011, as determined by the City Manager.
- (b) Salaries will be reduced by up to 5% from 2008-09 levels, to be implemented through up to 13 furlough days during Fiscal Year 2011-2012, as determined by the City Manager.
- (c) Step increases will be suspended (frozen) for Fiscal Year 2010-2011.
- (d) Effective the first pay period in July 2010, the City will reduce the Employer Paid Member Contribution by 2% (from 8% to 6%).
- (e) Effective the first pay period in July 2011, the top of the salary range for the Confidential classifications shall be increased by 3%, and salary steps shall be eliminated and replaced by a performance-based movement through the salary range with annual increases of up to 5% possible until the top of range is reached. However, unfreezing of salaries is dependent upon the City Manager determining that the budget is stable.
- (f) Effective the first pay period in July 2011, the City will reduce the Employer Paid Member Contribution by an additional 3% (from 6% to 3%).
- (g) Effective the first pay periods in July 2010 and July 2011, 41.6 hours of vacation will be granted to each employee.

1 (h) Effective January 1, 2011, the City and the employees covered by this resolution will
2 split evenly any future increases (or decreases) in health premiums from the applicable
3 premium rate for the Kaiser plan offered through CalPERS for 2010.

4 (i) The City may implement the 2.0% @ 55 retirement formula for new hires in
5 classifications covered by this resolution at the same time it does so for all other
6 miscellaneous (non-sworn) employees.

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

8 **PASSED AND ADOPTED** by the City Council of the City of Concord on June 22, 2010, by
9 the following vote:

10 **AYES:** Councilmembers –

11 **NOES:** Councilmembers -

12 **ABSTAIN:** Councilmembers -

13 **ABSENT:** Councilmembers -

14 **I HEREBY CERTIFY** that the foregoing Resolution No. 10-4735.6 was duly and regularly
15 adopted at a regular joint meeting of the City Council and the Redevelopment Agency of the City of
16 Concord on June 22, 2010.

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18 _____
Mary Rae Lehman, CMC
19 City Clerk

20 **APPROVED AS TO FORM:**

21
22 _____
23 Craig Labadie
City Attorney

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

**A Resolution Authorizing Paying and Reporting the
Value of Employer Paid Member Contributions for
Miscellaneous Management/Executive Management**

Resolution No. 10-4735.10

WHEREAS, the governing body of the City of Concord has the authority to implement Government Code Section 20636 (c) (4) pursuant to Section 20691; and

WHEREAS, the governing body of the City of Concord has written a labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation; and

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Concord of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC); and

WHEREAS, the governing body of the City of Concord had identified the following conditions for the purpose of its election to EPMC:

- This benefit shall apply to all employees of the Miscellaneous Management (including Executive Management) Group.
- This benefit shall consist of paying 6.0% (out of 8.0%) of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable (excluding Government Code Section 20636 (c) (4)) as additional compensation.

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

Section 1. The City of Concord elects to pay and report the value of EPMC, as set forth above.

Section 2. The provisions contained in this resolution shall become effective July 12, 2010.

Section 3. This resolution shall become effective immediately upon its passage and adoption.

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

**A Resolution Authorizing Paying and Reporting the
Value of Employer Paid Member Contributions for
Confidential Employees**

Resolution No. 10-4735.12

WHEREAS, the governing body of the City of Concord has the authority to implement Government Code Section 20636 (c) (4) pursuant to Section 20691; and

WHEREAS, the governing body of the City of Concord has written a labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation; and

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Concord of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC); and

WHEREAS, the governing body of the City of Concord had identified the following conditions for the purpose of its election to EPMC:

- This benefit shall apply to all employees of the Confidential Employee Group.
- This benefit shall consist of paying 6.0% (out of 8.0%) of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable (excluding Government Code Section 20636 (c) (4)) as additional compensation.

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

Section 1. The City of Concord elects to pay and report the value of EPMC, as set forth above.

Section 2. The provisions contained in this resolution shall become effective July 12, 2010.

Section 3. This resolution shall become effective immediately upon its passage and adoption.

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