



## **Staff Report**

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### **RESOLUTION APPROVING AN AMENDMENT TO THE COMPENSATION AND BENEFITS PROGRAM FOR UNREPRESENTED MANAGEMENT EMPLOYEES**

Honorable Mayor and Council Members:

#### **Summary**

The City Manager is recommending Council approval of an amendment to the Unrepresented Compensation and Benefits Program (Department Heads), effective June 16, 2009. This amendment would adjust and increase department head control points based on a March 2009 market median study. The last time a control point adjustment was made for the City's Executive Management group was on July 1, 2007 – almost two years ago. To advance the best interests of the City, department heads deferred any salary adjustments until the City could complete negotiations with two labor groups.

#### **Background**

In 2005, the City Council authorized a revised department head compensation program to predicate salary increases on the City Manager's evaluation of individual department head job performance. Council also directed a labor market salary survey of comparison cities be completed to determine appropriate compensation ranges. The adopted Compensation program accomplished the following:

- Redefines the labor market survey agencies for purposes of establishing the annual compensation control point of each department head position to include the seven most comparable cities in San Mateo and Santa Clara counties based on factors such as population, revenue, total budget, total employees, and geographic proximity. Those cities are Burlingame, Foster City, Los Altos, Los Gatos, Menlo Park, Millbrae and San Carlos.
- Follows case law which requires Council to set control point salary for Department Heads.
- Eliminates automatic salary step increases and cost of living increases, and bases salary increases (or decreases) entirely on a comprehensive annual written performance evaluation.
- Provides for other benefit enhancements, including an annual bonus system.

Department head classifications\* that are subject to the Compensation and Benefit program include:

- Assistant City Manager
- Community Development Director
- Finance Director
- Human Resources Director
- Information Services Director
- Parks and Recreations Director
- Police Chief
- Public Works Director

*\*It should be noted that while absent from the list above, the City Clerk is designated as a Department Head. However, as an elected official compensation and benefits for the City is addressed outside of the Unrepresented Management Compensation and Benefit Plan.*

As discussed earlier, the last time amendments to the *Unrepresented Compensation and Benefit Plan* were made, and corresponding department head control points were adjusted was on July 1, 2007; this action addressed performance rendered in the prior year. The control points were not adjusted in 2008; as a result, department heads did not receive a salary increase in 2008. Since the last control point adjustment, AFSCME and MMCEA received a one year contract extension with full equity adjustments. More recently, these bargaining groups have ratified subsequent agreements which contain further compensation adjustments.

### **Discussion**

The fiscal year 2008-09 total compensation survey of comparable department head positions, using the seven cities referenced earlier, shows that Belmont's department head salary control points (with the exception of the IS Director, whose salary was approved by Council on July 1, 2008 ) are below the defined market median control points by a range of 3.42% to 9.76%.

Classification	Current Control Point	% +/- Market Median	New Control Point	Percent Change
Assistant City Manager (a)	\$13,657	-3.42%	\$14,990	9.76% (a)
Community Development Director	\$12,687	-7.50%	\$13,638	7.50%
Finance Director	\$13,043	-6.41%	\$13,879	6.41%
Parks and Recreation Director	\$12,492	-7.25%	\$13,398	7.25%
Police Chief	\$13,657	-9.76%	\$14,990	9.76%
Human Resources Director (b)	\$12,058	Internal Alignment	\$12,831	6.41%
Information Services Director	\$11,125	+5.32%	\$11,125	n/c
Public Works Director	\$13,320	-7.28%	\$14,290	7.28%

*(a) Survey City median control point for Assistant City Manager is \$ 14,124. However, this salary would result in the Assistant City Manager making less than two department directors. To avoid this situation should the vacant position be filled, the Assistant City Manager's salary has been set at the highest department director salary, or \$ 14,990.*

*(b) There are less than four comparison cities for this classification. Therefore, the Human Resource Director salary is benchmarked to the Finance Director position at .92448 percent of Finance Director Salary.*

It should be noted that the proposed amendment to the compensation program includes the addition of the newly created Information Services Director approved by Council on July 1, 2008.

As indicated in the *Unrepresented Management Group Compensation and Benefit Program* (Attachment B), the City Manager is authorized to set department head compensation up to twenty (20) percent above or below the control point. In deference to the current economic climate, the City Manager is proposing a maximum of 4% increase to the control point per fiscal year providing the Department Head receives a satisfactory performance evaluation from the City Manager.

The proposed amendment to the *Unrepresented Compensation and Benefits Program* also cleans up language regarding General Leave, by allowing hours earned in excess of 1040 hours to be used for sickness or disability.

#### **Fiscal Impact**

The fiscal impact of the potential salary increases will be approximately \$40,000 compounded annually. This cost excludes the vacant Assistant City Manager and Public Works Director positions. Should those positions be filled sometime in the future the fiscal impact would increase to approximately \$52,000 annually. There are no benefit enhancements. There is sufficient funding in the 2008-09 and 2009-10 budgets to accommodate this action.

#### **Public Contact**

Posting of City Council agenda. In addition, the proposed amendments to the Compensation and Benefits Plan for Unrepresented Management Employees have been reviewed with department heads. All City employee salaries were recently published in a local newspaper.

#### **Recommendation**

It is recommended that Council approve the attached resolution authorizing an amendment to the Compensation and Benefits Program for Unrepresented Management Employees effective June 16, 2009.

#### **Alternatives**

- 1 Postpone decision pending further deliberation.
- 2 Take no action.
- 3 Other option(s) as determined by Council.

#### **Attachments**

- A. Resolution approving an amendment to the Compensation and Benefits Program for Unrepresented Management Employees.
- B. Compensation And Benefits Program For The City Of Belmont Unrepresented Management Group.

Respectfully submitted,

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Jack R. Crist  
City Manager

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT  
APPROVING AN AMENDMENT TO THE COMPENSATION AND BENEFITS PROGRAM  
FOR UNREPRESENTED MANAGEMENT EMPLOYEES**

**WHEREAS**, the Represented Employee Groups recently concluded negotiations which granted changes to compensation levels in the Compensation and Benefit Programs for Represented Employees effective July 1, 2008; and

**WHEREAS**, the Unrepresented Management Employee group discussed with the City Manager salary and benefit matters; and

**WHEREAS**, Unrepresented Management Employees Compensation and Benefits program amendments are detailed in Exhibit B; and

**WHEREAS**, it is appropriate to grant salary increases to the eight unrepresented management employees, which group includes Assistant City Manager; Community Development Director; Finance Director; Human Resources Director; Information Services Director; Parks & Recreation Director; Police Chief; and Public Works Director; and

**WHEREAS**, the City Council has the sole authority to set the control points for these positions and determined that it is appropriate to predicate salary increases on satisfactory job performance; and

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Belmont that SALARY, Section 4. of the Compensation and Benefits Program for the City of Belmont Unrepresented Management Group be amended as set forth in Attachment B and made a part hereof; and, is effective as of June 16, 2009 and that the City Manager is authorized to sign same on behalf of City.

\*\*\*\*\*

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a regular meeting thereof held on May 26, 2009 by the following vote:

AYES, COUNCILMEMBERS: \_\_\_\_\_

NOES, COUNCILMEMBERS: \_\_\_\_\_

ABSTAIN, COUNCILMEMBERS: \_\_\_\_\_

ABSENT, COUNCILMEMBERS: \_\_\_\_\_

\_\_\_\_\_  
CLERK of the City of Belmont

APPROVED:

\_\_\_\_\_  
MAYOR of the City of Belmont

**COMPENSATION AND BENEFITS PROGRAM  
FOR THE CITY OF BELMONT  
UNREPRESENTED MANAGEMENT GROUP**

The following represents the compensation and benefits granted to the unrepresented management group as authorized and approved by the City Council effective June 16, 2009.

**GROUP DESIGNATION**

The following positions are included in the unrepresented management group, referred to as Department Heads:

- Assistant City Manager
- Community Development Director
- Finance Director
- Human Resources Director
- Information Services Director
- Parks and Recreation Director
- Police Chief
- Public Works Director

**SALARY**

1. The salary for each position will be determined by survey of seven comparable cities in San Mateo and Santa Clara County: Burlingame, Foster City, Los Altos, Los Gatos, Menlo Park, Millbrae, and San Carlos.
2. For each position surveyed, a minimum of four comparisons must be available for statistically valid analysis. If less than four comparisons are available, the salary for that position will be determined through internal relationships.
3. The survey will determine the median top step total compensation salary for each position. The median top step salary will become the control point salary for each position. The maximum base salary for the position will be the control point. The salary survey to determine the control point salary will be conducted annually in May.
4. Effective June 16, 2009, the control point monthly salary (as determined per the methodology described above) shall be as follows for department head classifications:

Assistant City Manager	\$14,990(a)
Community Development Director	\$13,638
Finance Director	\$13,879
Human Resources Director	\$12,831 (b)
Information Services Director	\$11,125
Parks and Recreation Director	\$13,398
Police Chief	\$14,990
Public Works Director	\$14,290

(a) Assistant City Manager Salary is benchmarked to the highest Department Director

(b) There are less than four comparison cities for this classification. Therefore, the Human Resource Director salary is benchmarked to the Finance Director position at .92448 percent of Finance Director.

- The City Manager is authorized to set the department director's salary up to 20% above the control point or 20% below the control point based upon a written performance evaluation to be completed in June of each year. The maximum increase may not exceed 20% above the control point. Unsatisfactory performance may result in a salary decrease.

The City Manager is setting a maximum of 4% increase to the control point each fiscal year, providing the Department Head receives a satisfactory performance evaluation from the City Manager.

- The amount of the salary adjustment (performance award) will be determined as follows:

<b>Performance Rating</b>	<b>Percent Increase</b>
Outstanding	16% - 20%
Superior	9% - 15%
Good	2% - 8%
Needs Improvement	0% -1%
Unsatisfactory	< 0%

If the amount of the performance award exceeds the base salary maximum for the position (the control point), the excess amount will be paid in the form of an annualized lump sum payment.

For example:

<u>Factors</u>	<u>Good Director A</u>	<u>Superior Director B</u>
Current top step	\$12,604	\$ 12,604
% below median	-5.39%	-0.66%
New top step (c.p.)	\$13,283	\$ 12,687
Performance rating	4%	15%
New salary	\$13,283	\$ 12,687
Excess award	\$0	\$ 21,691

## **BENEFITS**

### Auto Allowance

Department head classifications are eligible to receive a monthly auto allowance ranging from \$150 to \$300 per month. The City Manager will determine the auto allowance amount for each department head position based on the driving needs for that classification.

### Deferred Compensation Plan

The City shall contribute \$140 per month to each employee's deferred compensation account.

### Dental Plan

The City shall contribute the full cost of dental coverage under the Delta Dental plan on behalf of the employee. The employee may elect to cover eligible dependents at a cost of \$5 per month for an additional dependent and \$10 per month for family coverage.

### Flexible Benefit Plan

The City shall offer an Internal Revenue Code 125 Plan including premium conversion, health care reimbursement account, dependent care reimbursement account and a cash and/or deferred compensation option.

The City shall contribute the equivalent of the monthly premium for Kaiser family coverage toward each employee's Section 125 Plan components. An employee may use any and all such funds to cover the premium of the health plan choice, as contributions into the health care reimbursement account, dependent care reimbursement account, as cash option and/or contribution to a deferred compensation plan account.

### Life Insurance

The City will provide basic life and accidental death and dismemberment insurance to department head classifications in the amount of \$200,000.

### Long Term Disability Insurance

The LTD benefit is two-thirds of monthly salary up to a maximum monthly salary of \$10,500. The cost of the long-term disability insurance premium shall be converted to the employee's salary. The employee shall pay the actual monthly cost of the premium on an after-tax basis.

### Retirement Plan

The City shall contract with the Public Employees Retirement Plan to provide the 2% @ 55 formula for miscellaneous employees and the 3% @ 50 formula for public safety employees. The City will provide the following contract options: Credit for Unused Sick Leave, Industrial Disability Retirement, and Fourth Level of 1959 Survivor Benefits. (Note: the Credit for Unused Sick Leave option is not applicable to Department Heads receiving General Leave in lieu of vacation and sick leave.)

The employee pays the 7% employee retirement plan contribution on a before-tax basis, in accordance with Internal Revenue Code Section 414(h)(2).

### Retiree Health and Dental Benefits

An employee who retires in accordance with PERS regulations after twelve (12) years of service shall be entitled to monthly reimbursement of the expenses he or she incurs for hospital and medical care premiums for his or her individual coverage only, up to a maximum of the amount paid by the City of Belmont for single employee coverage under the Kaiser Health Care Plan.

A retiree shall be entitled to participate in the City's dental plan at his or her own cost.

### Retiree Health Savings Plan

The City will implement a retiree health savings plan for the department head group. Any and all fees associated with this plan will be borne by the plan participants and not the City.

### Vision Reimbursement Plan

The City shall contribute to a self-insured vision care program the sum of nineteen dollars (\$19) per month for each employee and eligible dependents for the purpose of reimbursing employees for vision expenses incurred during the plan year.

### Professional Development Reimbursement

Department head classifications may be reimbursed up to a maximum of \$500 per fiscal year for job-related professional development activities or purchases. Eligible expenses include nontraditional or non-budgeted conference expenses; job-related computer hardware or software; books or other educational

materials. City Manager approval is required for such reimbursements.

## **LEAVES**

### General Leave

Employees are entitled to general leave as follows:

<b>Hrs. Accrued</b>	<b>Days of Leave</b>	<b>Per Month</b>
<b>Length of Service</b>		
1 through 4 years	22 days	14 2/3 hrs.
5 years	27 days	18 hours
6 years	28 days	18 2/3 hrs.
7 years	29 days	19 1/3 hrs.
8 years	30 days	20 hrs.
9 years	31 days	20 2/3 hrs.
10 through 14 years	32 days	21 1/3 hrs.
15 years or more	34 days	22 2/3 hrs.

In the event an employee is unable to take all of the general leave to which the employee is entitled in a calendar year, the employee shall be permitted to accumulate the unused portion, provided that the accumulated time does not exceed one hundred thirty (130) days (1,040 hours). Any hours earned in excess of 1040 hours will be placed in a sick leave account to be used in the event of illness or disability.

Employees who leave City service shall be paid straight-time salary for all accrued general leave earned on or before the effective date of termination.

### Administrative Leave

Department Heads shall receive 80 hours of administrative leave time on January 1 of each fiscal year. Administrative leave must be used in the fiscal year in which it is granted and may not be carried over into a subsequent fiscal year or paid out upon termination.

### Holidays

The holidays observed by other employees are applicable to this group, as follows:

- New Year's Day January 1
- Martin Luther King Jr. Birthday Third Monday in January
- President's Day Third Monday in February
- Memorial Day Last Monday in May Independence Day
- July 4 Labor Day First Monday in September
- Columbus Day Second Monday in October
- Veteran's Day November 11
- Thanksgiving Fourth Thursday in November
- Friday after Thanksgiving
- Christmas Day December 25
- Christmas Eve *OR* New Year's Eve December 24 *OR* 31

In addition to the fore mentioned holidays, employees shall receive two (2) floating holidays to be taken after one (1) year of service. Floating holidays will only be usable as time off and may not be paid out upon separation from City service. Floating holidays must be used in the calendar year in which they are granted and may not be carried over into a subsequent calendar year.

When a holiday falls on a Sunday, the following Monday shall be observed. When a holiday falls on a Saturday, the previous Friday shall be observed.

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