



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Amend the Salary Resolution to Update Various Benefits and the Schedule of Pay to Provide Salary Increases for Pay Plan Category G (Unrepresented Classified Confidential Employees)

BACKGROUND

Unrepresented Classified Confidential (pay plan category G) employees are not organized and do not negotiate for any changes to their wages, hours, and/or other terms and conditions of employment. A side letter was signed in 1996 between the City and the Sunnyvale Employees' Association (SEA) designating Confidential classifications. "Confidential employees" are those who in the customary course of their duties, regularly assist or act in a confidential capacity to persons who formulate, determine and effectuate management policies in employer-employee relations and/or who regularly (if only for brief periods of time) have access to confidential information concerning meeting and conferring and/or employer-employee relations matters between the City and employee organizations.

Pursuant to the existing provisions of Salary Resolution Section 1.000, pay plan category G employees currently receive the same treatment as pay plan category B (SEA) employees for purposes of wage adjustments, benefits and leaves, except for Paid Time Off (PTO) and floating holiday as defined in Sections 3.110 and 3.310. Category G and category B employees also have different levels of benefits for paid medical leave and workers compensation since the adoption of the 2012-2015 SEA MOU.

Wage increases and some benefits changes for unrepresented management employees (pay plan categories D and K) and department directors were approved by the City Council on July 26, 2016 and August 23, 2016 respectively, to achieve the goal of maintaining consistent benefits between represented and unrepresented employees.

This report presents the opportunity to provide wage adjustments and amend some provisions of the Salary Resolution for pay plan category G employees to achieve the goal of maintaining consistent benefits between represented and unrepresented employees. In addition, it separates category G employees from category B on wages so that the City Council can take action separately for these unrepresented employees.

EXISTING POLICY

Council Policy 7.3.1 Legislative Management - Goals and Policies, Goal 7.3D: Maintain a quality work force, consistent with state and federal laws, City Charter, and adopted policies in order to assure that City services are provided in an effective, efficient, and high quality manner.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a “project” with the meaning of the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines section 15378 (b)(5) in that it is a governmental, organizational or administrative activity that will not result in direct or indirect changes in the environment.

DISCUSSION

Staff has identified the following modifications to the Salary Resolution for pay plan category G employees. Benefits shall be the same as category B employees unless otherwise indicated. All changes shall be effective the first full pay period following City Council approval unless otherwise indicated. All other category G benefits not addressed below shall remain unchanged.

Wages

Salary adjustments

- Effective the first full pay period following City Council approval: 3.5% salary increase
- Effective July 2, 2017: 3% salary increase
- Effective July 1, 2018: 1.5% salary increase

In addition, an additional 2% salary increase may be considered at a future date if there is a loss of pay equity with category B employees. Staff is directed to bring the appropriate action to the City Council, if required.

Overtime, Compensatory Time and Administrative Leave

The following category G classifications were studied and identified as meeting the requirements to be exempt from overtime under the provisions of the Fair Labor Standards Act (FLSA). Employees in these classifications shall be designated as FLSA exempt and shall not be eligible for overtime and compensatory time. Instead, the City shall provide 40 hours of administrative leave per year. Currently, employees in these classifications are eligible for overtime and compensatory time but not eligible for administrative leave.

Job Code	Classification
1001	Accountant-Confidential
1450	Human Resources Analyst
1015	Payroll Supervisor
1460	Sr. Human Resources Analyst
2203	Sr. Programmer Analyst-Confidential

Retirement

The current Employer Paid Member Contribution (EPMC) shall be maintained at 4%, which is the same as category B employees and recent changes approved for other employee groups.

Leaves

Paid Time Off (PTO)

A new PTO accrual tier shall be added for 17+ to 25 years of service, accruing at 10.5 hours per pay

period. Currently, employees with 10+ to 25 years of service accrue 9.5 hours per pay period. The maximum accrual cap shall be increased to 885 hours from the current cap of 700 hours. The requirements of cash-out shall be modified to be the same as category B employees.

Workers' Compensation

Employees are eligible for Workers' Compensation benefits as provided by state law. Employees are currently provided with full pay for 90 calendar days of work-related (same occurrence) illness or injury after 26 consecutive pay periods of service. The program will be changed to full pay for the first 60 calendar days of illness/injury. This change aligns the benefit for category G employees with other groups.

Floating Holiday

Increase annual floating holiday hours from 20 hours to 30 hours per year. Category B employees are currently eligible for 30 hours of floating holiday per year, and this change was recently approved for SMA and unrepresented management. In addition, the option to transfer unused floating holiday hours to PTO at the end of each year is eliminated and the unused hours shall be paid out automatically.

FISCAL IMPACT

With the adoption of the Fiscal Year 2016/17 Budget, the City took the first step toward viewing salary and benefits as a total compensation package versus its individual components. The changes proposed with this action are consistent with a total compensation approach.

Regarding salary, the incremental cost of the additional salary over the current budget totals \$1.57M over twenty years. For retirement benefits, the FY 2016/17 Budget includes an employer cost (approximately 24% of salary) and employee cost (8% of salary) for which the employer will pay 4% of the employee cost. With the latest information from the City's actuary, staff identified that compensating employees through EPMC is a more cost effective approach. The reasons for this are twofold. CalPERS assumes a certain growth in payroll (currently 3% per year) in calculating its employer rates. Increasing salary over these assumptions increases the City's long term pension liability. The effect of this is when the City grants 1% in salary above the base, the net effect with retirement costs added is actually 1.2-1.3%. The total twenty year cost of freezing EPMC for these employees is anticipated to be approximately \$1.2 million.

Both these changes are offset by moderating other components of total compensation assumptions going forward and can be absorbed over twenty years. The total impact of these changes, along with the full implementation of a total compensation budgeting model will be included in the FY 2017/18 Recommended Budget.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

ALTERNATIVES

1. Adopt the Resolution to Amend the Salary Resolution to Update Various Benefits and the Schedule of Pay to Provide Salary Increases for Pay Plan Category G (Unrepresented

Classified Confidential Employees).

2. Do Not Adopt the Resolution to Amend the Salary Resolution to Update Various Benefits and the Schedule of Pay to Provide Salary Increases for Pay Plan Category G (Unrepresented Classified Confidential Employees).

STAFF RECOMMENDATION

Alternative 1: Adopt the Resolution to Amend the Salary Resolution to Update Various Benefits and the Schedule of Pay to Provide Salary Increases for Pay Plan Category G (Unrepresented Classified Confidential Employees)

Prepared by: Vienne Choi, Human Resources Manager

Reviewed by: Teri Silva, Director, Human Resources

Reviewed by: Walter C. Rossmann, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENT

1. Resolution to Amend Salary Resolution