

CITY OF YUBA CITY
STAFF REPORT

Date: June 15, 2010
To: Honorable Mayor & Members of the City Council
From: Administration
Presentation By: Steven R. Jepsen, City Manager

Summary

Subject: "Employment Agreements" setting the terms and conditions of employment, and "Amendment Letters" setting the pay and benefit concessions for Fiscal Year 2010/11, with the following Executive Services Employees: Assistant City Manager, Police Chief, Interim Fire Chief, Finance Director, Public Works Director, Community Development Director, and Parks and Recreation Director.

Recommendation: Authorize the City Manager to sign "Employment Agreements" setting the terms and conditions of employment for the Executive Services Employees, and Authorize the City Manager to sign "Amendment Letters" providing for concessions in pay and benefits, for the positions of: Assistant City Manager, Police Chief, Interim Fire Chief, Finance Director, Public Works Director, Community Development Director, and Parks & Recreation Director.

Fiscal Impact: Approval of the "Employment Agreements" with the City does not change the cost or terms and conditions of employment provided Executive Services Employees but replaces the prior Group Bargaining Agreement with Individual Agreements. Approval of the "Amendment Letters" will provide for an increase in non-paid time off work from 5 to 10 percent and the payment of increased cost in pension and health care benefits for Fiscal Year 2010/11. The total savings from these positions is estimated at \$114,226 for FY 2010/11 and \$177,554 for FY 2011/12.

Background:

The Executive Services Employees' positions affected by the revised Employment Agreements include: 1) Assistant City Manager, 2) Police Chief, 3) Public Works Director, 4) Finance Director, 5) Community Development Director, and 6) Parks & Recreation Director. In addition, the Interim Fire Chief has also agreed to the additional concessions in salary and benefits. The General Services Department and the Utilities Department are being merged with Public Works as part of the 2010/11 Budget process. The former Director positions for these Departments have been eliminated. The Human Resources Director is filled on a part time contract basis.

The Executive Services Employees were previously recognized as an informal bargaining group for the purposes of identifying the terms and conditions of employment. With the expiration of the Executive Services Employees' collective agreement at the end of the 2008/09 fiscal year no new group agreement has been developed. All Executive Services Employees technically serve in "at will" positions, as the terms and conditions of their employment reflect. The City Council has previously approved Employment Agreements with Executive Services Employees that are very similar to the City Manager's Employment Agreement. The Police Chief, Parks & Recreation Director and Interim Fire Chief have Employment Agreements that were approved by the City Council. The City also has other agreements with key employees that are not being considered at this time, these include: General Service Director (converted to division status), Human Resources Director (part time, contractual), and Economic Development Manager (division status, contractual).

In addition, the Executive Services Employees have voluntarily agreed to further concessions in fiscal year 2010/11 to help meet our community's financial challenges. The additional concessions match those provided by the City Manager increasing furlough time from 5 to 10 percent and agreeing to pay the City's increased cost for health care and PERS retirement contributions (see Attachment 1).

Analysis:

The "Employment Agreements" will be continuous until the terms and conditions of employment change. The model Agreement for all Director positions is provided in Attachment 2. The terms and conditions of employment set by the Employment Agreements include the following:

- The base compensation is set per attached Table 1, by position. Step increases have been reduced to 2.5 percent for the 2010/11 fiscal year.
- Consideration for additional compensation increases within the established pay schedules.
- Benefits will continue for 80 hours of administrative compensation time.
- Vacation accrual rates will be set at time of hire, consistent with experience and prior service expectations.
- Continuation of retirement EPMC.
- Continuation of the same dental, health and medical benefits in place at the time of hire.
- Single Employee health insurance coverage from Retirement through Medicare coverage eligibility on a shared cost basis.
- Clothing allowance for Police and Fire Chiefs only.
- Termination clause will provide for 3 months salary and benefits. If employee leaves for any other reason, no additional compensation will be provided.

The "Amendment Letters" are a result of voluntary concessions offered by the Executive Services Employees as provided in Attachment 1. The "Amendment Letters" are for the one-year period extending from July 1, 2010 through June 30, 2011. The model "Amendment Letter" is provided in Attachment 3. The Terms and Conditions of this agreement are as follows:

- Increase Furlough amount of non-paid time off from 5 to 10 percent starting January 1, 2011.
- Pay additional cost incurred by Yuba City for health insurance in fiscal year 2010/11.
- Pay additional cost incurred by Yuba City for PERS pension cost increases in fiscal year 2010/11.

Fiscal Impact:

Approval of the Employment Agreements with the City does not change the cost or the current terms and conditions of employment provided to the Executive Services Employees but replaces the prior Group Bargaining Agreement with Individual Agreements.

Approval of the one year Agreement Letters will provide for a cumulative savings of \$144,226 in FY 2010/11 and \$177,554 in FY 2011/12, if continued. A summary of salary and benefit savings by position is provided in attached Table 2.

Recommendation:

Authorize the City Manager to sign "Employment Agreements" setting the terms and conditions of employment for the Executive Services Employees, and Authorize the City Manager to sign "Amendment Letters" providing for concessions in pay and benefits, for the positions of: Assistant City Manager, Police Chief, Interim Fire Chief, Finance Director, Public Works Director, Community Development Director, and Parks and Recreation Director.

Submitted By:

Steven R. Jepsen
City Manager

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| Attachment 1 | Letter from Executive Services Employees offering additional concessions |
| Attachment 2 | Model Department Director "Employment Agreement". |
| Attachment 3 | Model "Amendment Letter" providing Concessions for fiscal year 2010/11. |

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**Table 1
Director Base Compensation**

<u>Position</u>	<u>Base Compensation</u>	<u>Salary/Step</u>
Assistant City Manager	\$ 168,147	Step 5.0
Police Chief	163,031	Step 3.5*
Fire Chief	155,272	Interim
Public Works Director	166,315	Step 5**
Finance Director	129,675	Step 3.5*
Community Development Director	150,858	Step 5.0
Parks & Recreation Director	121,692	Step 4.5*

Notes:

* Step increases reduced to 2.5% below Step 5

** Includes 5 percent compensation increase for Utilities/General Services Merger

**Table 2A - FY 2010/2011 - 7.5%
Director Compensation and Benefit Savings**

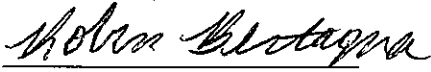
<u>Position</u>	<u>7.5% Furlough</u>	<u>Health Ins.</u>	<u>MC/WC</u>	<u>PERS</u>	<u>Total</u>
Assistant City Manager	\$ 12,611	\$ 735	\$ 241	\$ 4,089	\$ 17,676
Police Chief	12,268	735	740	5,576	19,319
Fire Chief	11,645	735	641	5,298	18,319
Public Works Director	12,078	735	231	3,931	16,975
Finance Director	9,566	735	183	3,107	13,591
Community Development Director	11,314	735	216	3,669	15,934
Parks & Recreation Director	8,978	-	172	2,917	12,067
Total	\$ 78,460	\$ 4,410	\$ 2,424	\$ 28,587	\$ 113,881

**Table 2B - FY 2011/2012 - 10%
Director Compensation and Benefit Savings**

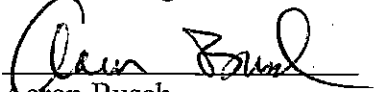
<u>Position</u>	<u>10% Furlough</u>	<u>Health Ins.</u>	<u>MC/WC</u>	<u>PERS</u>	<u>Total</u>
Assistant City Manager	\$ 16,815	\$ 2,315	\$ 318	\$ 7,655	\$ 27,103
Police Chief	16,446	2,315	952	10,773	30,486
Fire Chief	15,623	2,315	838	10,246	29,022
Public Works Director	16,235	2,315	306	7,458	26,314
Finance Director	12,889	2,315	243	5,927	21,374
Community Development Director	15,086	2,315	285	6,868	24,554
Parks & Recreation Director	12,097	-	228	5,562	17,887
Total	\$ 105,191	\$ 13,890	\$ 3,170	\$ 54,489	\$ 176,740

Attachment 1

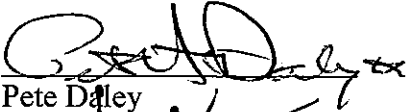
Due to continued economic uncertainties, a budget shortfall of \$2.5 million for FY 10/11 that is expected to grow to \$3.4 million for FY 11/12, the Executive Team hereby offers to continue the existing 5% furlough, provide an additional 5% furlough, and pay all increased costs of medical insurance and PERS benefits above the FY 09/10 base cost to be effective at a date as determined by the City Manager.



Robin Bertagna



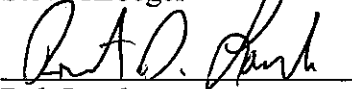
Aaron Busch



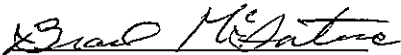
Pete Daley



Steve Kroeger



Rob Landon



Brad McIntire



George Musallam

Attachments 2 and 3 will be forwarded under separate cover.