

RESOLUTION NO. 15-119

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMMERCE, CALIFORNIA, PROVIDING FOR FRINGE BENEFITS AND RELATED COMPENSATION FOR EXECUTIVE MANAGEMENT EMPLOYEES OF THE CITY OF COMMERCE

WHEREAS, City Council has established various fringe benefits and related compensation for Executive Management Employees of the City (prior Executive Management Fringe Benefits Resolution); and

WHEREAS, prior Fringe Benefits Resolutions provided for amendment and modification by the City Council; and

WHEREAS, pursuant to Resolution No. 14-105, the City Council incorporated all salaries, benefits, and other employment-related terms for Executive Management Employees that were approved in prior resolutions into a single document for the purpose of efficiency and improved management of benefits and compensation considerations; and

WHEREAS, on August 3, 2015, an optional cell phone stipend/reimbursement for Executive Management employees was included in the staff report, but was inadvertently left off the resolution. The attached resolution incorporates said benefit.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COMMERCE, CALIFORNIA, DOES HEREBY FIND, DETERMINE, AND RESOLVE AS FOLLOWS:

SECTION 1. PURPOSE

The purpose of this resolution is to consolidate the presentation of fringe benefit information by incorporating previously adopted resolutions concerning Executive Management into a single document. By adopting this Resolution, it is the City Council's intent that all previous resolutions that established fringe benefits for Executive Management employees, be superseded.

SECTION 2. DEFINITIONS

As used herein, the following terms shall have the following meanings:

"Classic" employees refer to all existing CalPERS members as of December 31, 2012 that will retain the existing benefit levels for future service with the same employer.

"Classification" shall mean a group of positions having sufficiently similar duties, responsibilities, and qualifications to be designated by the same descriptive title, and as to which the same salary range may be made to apply with equity.

“Employee” shall mean a full-time budgeted Executive Management employee of the City of Commerce.

“Employment Date” shall mean the period of continuous full-time employment from and after such employment date shall be used in computing sick leave, and vacation and shall be the starting point for determining salary step increases.

“Executive Management Employee” shall mean an unrepresented management employee who is the head or assistant of a City Department and others as specified in this resolution. Employees who are in the following classifications shall be considered Executive Management: Director of Safety & Community Services, Director of Human Resources, Director of Public Works and Development Services, Deputy Director of Development Services, Deputy Director of Engineering Services, Deputy Director of Public Works Operations, Director of Finance & Treasurer, Assistant Director of Finance, Director of Parks and Recreation, Parks and Recreation Assistant Director, Director of Library Services, Director of Transportation, Deputy City Administrator, City Clerk, and similar Classifications as they may be added or amended over time shall be considered Executive Management Employees.

SECTION 3. COMPENSATION

a) The salary schedules for Classifications covered by this resolution are set forth in Exhibit A and incorporated herein. Effective July 1, 2015, the salary schedule for all Executive Management Employees shall be increased by 4.9% (2.4% of this increase is offset by an increase in employee contribution to retirement - See Section 4). Effective July 1, 2016 and July 1, 2017, the salary schedule for all Executive Management Employees shall be increased by 2.5% and 2%, respectively.

b) An Executive Management Employee who receives an “Outstanding” rating on their annual performance evaluation will receive a one-time non PERS-able bonus of \$1,000.00.

SECTION 4. RETIREMENT

a) EMPLOYEES HIRED BEFORE JANUARY 1, 2013 OR EMPLOYEES HIRED AFTER JANUARY 1, 2013 AND CONSIDERED TO BE A “CLASSIC” EMPLOYEE

The City contracts with the State of California Public Employees Retirement System (CalPERS) for the classifications contained in this Agreement. The plan shall include the following options:

1. Miscellaneous Employees - 2% @ 55 retirement formula (Government Code §21354);

2. Single highest year final compensation (Government Code §20042);
3. Post Retirement Survivor Allowance (Government Code §21624/21626);
4. Credit for Unused Sick Leave (Government Code §20965);
5. Pre-Retirement Option 2W Death Benefit (Government Code §21548);
6. Post-Retirement Survivor Allowance to Continue After Remarriage (Government Code §21635);
7. Pre-Retirement Death Benefits to Continue After Remarriage of Survivor (Government Code §21354);
8. 2% Annual Cost-of-Living Allowance increase (Government Code §21329);
9. \$500 Retired Death benefit (Government Code §21620);
10. Prior Service (Government Code §20055);
11. Supplemental SSA Coordination;
12. Effective July 1, 2015, Executive Management Employees shall contribute an additional 2.4 % of their compensation earnable (as defined in Government Code Section 20636) toward the employee's normal member contribution (as defined in Government Code Section 20677). The total employee contribution shall be 7.0%.

**b) NEW CALPERS MEMBERS HIRED ON OR AFTER JANUARY 1, 2013
ALSO CALLED PEPRA NEW MEMBERS**

The City contracts with the State of California Public Employees Retirement System (CalPERS) for the classifications contained in this Agreement. The plan shall include the following options:

1. Miscellaneous Employees - 2.0% @ 62 retirement formula (Government Code §7522.20);
2. Three (3) year average final compensation period (Government Code §20037);
3. Effective July 1, 2015, New Members shall contribute at least 50% of the total normal cost rate as defined by CalPERS or the current rate of similarly situated employees, whichever is greater; and
4. All of the benefits listed above in Section a) from number 3 to number 12.

c) SOCIAL SECURITY

The City deducts from each employee's paycheck an amount as determined by law for the Federal Insurance Contributions Act (Social Security). In addition, the City contributes an additional amount at least equal to the employee's contribution.

d) MEDICARE REIMBURSEMENT

The City will reimburse retirees the Standard Medicare Premium for Medicare Part B (Medical Insurance) for Executive Management Employees and their spouse or domestic partner. The City shall continue reimbursement of these premiums to the spouse or domestic partner of the retiree after the death of the retiree.

e) HEALTH INSURANCE

The City's contribution to the City's Health Plan (Premium Only Plan) shall be the premium rates for "Other Southern California" Blue Shield Access+ health rates which shall include the PEMCHA minimum contribution as published by CalPERS for the designated health insurance plans. In no event shall the City's contribution under the City's Health plan exceed the "Other Southern California" Blue Shield Access+ health rate of the eligible benefit categories (i.e. single, 2 party, Family).

f) DENTAL PLAN

The City shall provide dental insurance coverage to active employees and retirees and/or eligible dependents. The dental plan offered to retirees will be the same plan offered to active employees. The City shall pay the entire premium on behalf of the employee/retiree and eligible dependents if applicable.

g) VISION PLAN

The City shall provide vision coverage to active employees and retirees and/or eligible dependents. The vision plan offered to retirees will be the same plan offered to active employees. The City shall pay the entire premium on behalf of the employee/retiree and eligible dependents if applicable.

h) LONGEVITY STIPEND FOR EMPLOYEES HIRED BEFORE JULY 1, 2011 RETIRING ON OR BEFORE DECEMBER 31, 2011

The City shall make a longevity stipend available to an employee who was hired before July 1, 2011 and who retires from the City of Commerce on or before December 31, 2011. The longevity stipend shall be deposited on a monthly basis into the retiree's Retiree Healthcare Reimbursement Plan (Retiree HRA Plan).

The City's monthly longevity stipend to the Retiree HRA Plan shall be the difference between the premium cost of coverage for the retiree and/or eligible

dependents (when applicable) minus the PEMHCA minimum contribution. The longevity stipend shall be based on the cost of coverage for retiree and/or eligible dependents under the medical plans sponsored by PEMCHA. The stipend shall be based on the tier of coverage (i.e. single, or two-party) and actual plan cost.

i) LONGEVITY STIPEND FOR EMPLOYEES HIRED BEFORE JULY 1, 2011

The City shall make a longevity stipend available to an employee who was hired before July 1, 2011 and who retires from the City of Commerce as described in this Section. The City shall make a longevity stipend payment on a monthly basis to the retiree's Retiree Healthcare Reimbursement Plan (Retiree HRA Plan).

The City's monthly longevity stipend to the Retiree HRA Plan shall be the difference between the premium cost of coverage for the retiree and/or eligible dependents (when applicable) minus the PEMHCA minimum contribution. Effective January 1, 2015, the City's total longevity stipend payment shall not exceed the premium rate for the "Other Southern California Region" Blue Shield Access+ health rates which shall include the PEMHCA minimum contribution for each eligible category (single, Plus One, Family) of the Blue Shield Access+ Plan that is in effect on January 1, 2015.

This Section does not change the provisions of City Policy III-I, Health and Hospitalization Insurance Plan. To the extent that any changes are to be made to the Longevity Stipend, the parties shall be required to comply with the requirements of the Meyers-Milias Brown Act (*Government. Code Section 3500 et.seq.*) and any other applicable state or federal law.

j) LONGEVITY STIPEND FOR EMPLOYEES HIRED ON/AFTER JULY 1, 2011.

Employees hired by the City on or after July 1, 2011 and who meet the eligibility requirements for retiree health insurance are eligible to continue in the City's group health insurance program. The City's maximum contribution towards retiree coverage under this subsection, shall be the PEMHCA minimum contribution as determined by CalPERS on an annual basis. Employees who meet the criteria described below shall be eligible to receive a longevity stipend upon retirement from the City's employment. The longevity stipend payment shall be deposited on a monthly basis into the retiree's Healthcare Reimbursement Plan (Retiree HRA Plan).

From the effective date of this resolution to December 31, 2014, the longevity stipend shall not exceed the amounts described below, which shall include the PEMHCA minimum contribution and shall be based on the cost of coverage for retiree plus spouse coverage under the medical plans sponsored by PEMHCA. The stipend shall be based on the tier of coverage (i.e. single or two-party) and actual plan cost.

Effective January 1, 2015, the maximum City total longevity stipend payment (for the 15 years and above of full-time City Service) shall not exceed the premium rate for the "Other Southern California Region" Blue Shield Access+ health rates which shall include the PEMCHA minimum contribution for each eligible category (single, Plus One) of the Blue Shield Access + Plan that is in effect on January 1, 2015.

≥ 5 years of full-time City Service 50% + additional 5.0% for each additional year of City service above 5 years (e.g., 10 yrs = 75% or \$965.89)

15 years and above of full-time City Service \$1,287.86(100%)

Effective January 1, 2015, the maximum City total longevity stipend payment (for the 15 years and above of full-time City Service) shall not exceed the premium rate for the "Other Southern California Region" Blue Shield Access+ health rates which shall include the PEMCHA minimum contribution for each eligible category (single, Plus One) of the Blue Shield Access + Plan that is in effect on January 1, 2015.

This Section does not change the provisions of City Policy III-I, Health and Hospitalization Insurance Plan. To the extent that any changes are to be made to the Longevity Stipend for Future Employees, the parties shall be required to comply with the requirements of the Meyers-Milias Brown Act (*Government. Code Section 3500 et.seq.*) and any other applicable state or federal law.

k) EMPLOYEE ASSISTANCE PROGRAM (EAP)

The City pays 100% of the monthly premium for Executive Management Employees and eligible household member for EAP. Service is available 24 hrs. a day, year round. Free confidential brief counseling sessions and referral service is designed to employees and household members resolve personal matters that may impact your work or home life.

SECTION 5. 457 DEFERRED COMPENSATION PROGRAM:

1. The City shall contribute \$25.00 per pay period to employee deferred compensation plan whether or not employee contributes to the plan.

2. The City shall match employee deferred compensation contributions, in an amount not to exceed 3% of the employee gross salary contribution per pay period. For example, if an employee contributes 1% of gross salary to the plan, the City shall contribute an amount equal to 1% of gross salary. If the employee contributes more than 3% of the employee's gross salary per pay period, the City shall pay an additional contribution equal to 5% of that part of the employee's contribution that exceeds 3% of the employee's gross salary per pay period.

3. Compliance with State and Federal Regulations – If any of these provisions conflict with any State or Federal statutes or regulations, the State and Federal statutes and regulations shall take precedence and shall be complied with.

4. Exclusions – The 3% City contribution described above shall apply only to employee gross salary deferred compensation contributions made during each payroll period. The 3% City contribution shall not be provided for any employee deferred compensation contributions that are made as a result of a “buy back” as that term is defined by Internal Revenue Service Code or regulations. Additionally, the 3% City contribution shall not be applied to any employee deferred compensation contributions that are made as a result of converting any type of leave balance to deferred compensation.

SECTION 6. LIFE INSURANCE

a) Executive Management employees shall be provided a Group Basic Life and Accidental Death & Dismemberment Insurance policy in an amount equal to their annual salary up to \$150,000. Additional details are available in Life Insurance Policy (V-11).

b) A voluntary employee-paid Life insurance policy shall be offered to Executive Management Employees. Employees may purchase an amount of insurance up to \$300,000 in multiples of \$10,000. Employees may cover their spouse up to \$300,000 in multiples of \$10,000. Amounts of insurance for dependent children are \$2,000, \$5,000 or \$10,000. Guarantee Issue amounts are \$70,000 for members, \$10,000 for Spouse and \$10,000 for Children) during the original eligibility period. Late entrants are required to provide evidence of good health regardless of the amount selected.

SECTION 7. SHORT AND LONG TERM DISABILITY INSURANCE

The City shall provide Executive Management employees with Group Short Term and Long Term Disability Insurance. If an Employee becomes disabled, the City paid coverage will pay the Employee a percentage of their basic monthly earnings, subject to a maximum amount and waiting period required: 29 days for short term disability and 180 days for long term disability.

SECTION 8. PHYSICAL EXAMINATIONS

Executive Management Employees shall annually receive a City-paid comprehensive physical medical examination from Scripps Center for Executive Health. The City shall pay the cost of the “Whole Person Examination” and shall cover the cost of lodging for one night.

SECTION 9. VACATION ACCRUAL

a) Vacation Leave.

1. Vacation Accrual - Executive Management Employees shall accrue vacation according to the following schedule:

	<u>Continuous Years of Services</u> <u>Vacation Hours Earned</u>
Upon Hire/Appointment	10 hrs per mo/120 hrs per year
8 yrs 1 mo – 13 years	12 hrs per mo/144 hrs per year
13 yrs 1 mo – 20 years	13.33 per hrs mo/160 hrs per year
20 yrs 1 mo +	16.67 hrs per mo/200 hrs per year

2. The City Administrator may authorize up to four (4) weeks of vacation accrual (13.33 hours per month) upon hire or appointment if the Executive has fifteen (15) years of public agency experience, with at least five (5) years in a Division Manager or Director/Assistant Director capacity.

3. Vacation Accumulation - The City's four-hundred eighty hour (480) maximum accumulation policy will be enforced by scheduling vacations to eliminate excess accumulation. Please refer to City of Commerce Personnel Policies and Procedures, Vacation Policy, for specific terms and policy.

When through work circumstances and needs of the job, an Employee has been unable to utilize vacation time and this has not been a pattern or practice for that Employee, the City Administrator, for good cause, may approve excess accumulated vacation carried forward into the next fiscal/calendar year. Please refer to City of Commerce Personnel Policies and Procedures, Vacation Leave Policy (V-1) for specific terms and policy.

SECTION 10. SICK LEAVE

Executive Management Employees shall earn eight (8) hours sick leave per month for each full month of continuous service with the City. Please refer to City of Commerce Personnel Policies and Procedures, Sick Leave Policy (V-7), for specific terms and policy.

SECTION 11. BEREAVEMENT LEAVE

Refer to City of Commerce Personnel Policies and Procedures, Bereavement Leave Policy (V-3) for specific terms and policy.

SECTION 12. MANAGEMENT LEAVE

Executive Management Employees shall be provided eighty (80) hours of Administrative Leave per fiscal year on a pro-rata basis as determined by the City Administrator. This determination shall be based upon work circumstances, needs of

the position, and frequency of required attendance at after-hour meetings and conferences. Such leave time is not accumulative, nor will compensation be paid in lieu thereof under any circumstances. When through work circumstances and needs of the job, an Employee has been unable to utilize Administrative Leave and this has not been a pattern or practice for that Employee, the City Administrator, for good cause, may approve excess accumulated Administrative Leave carried forward in the next fiscal year.

SECTION 13. FLEXIBLE LEAVE.

Employees may accrue up to a maximum of forty (40) hours of flexible leave time. A maximum of forty (40) hours may be carried over to the following year. Please refer to City of Commerce Personnel Policies and Procedures, Holidays and Flexible Leave Policy (V-6/1) for specific terms and policy.

SECTION 14. WORKERS' COMPENSATION

Refer to City of Commerce Personnel Policies and Procedures, Workers' Compensation Policy (VI-4) for specific terms and policy.

SECTION 15. JURY LEAVE/WITNESS LEAVE

Refer to City of Commerce Personnel Policies and Procedures, Jury/Witness Policy (V-16) for specific terms and policy.

SECTION 16. MILITARY LEAVE

Refer to City of Commerce Personnel Policies and Procedures, Leave of Absence Policy (V-4/1) for specific terms and policy.

SECTION 17. LEAVE DEDUCTIONS

Executive Management Employees shall not be deducted leave time (either sick, vacation, flexible, or administrative leave as appropriate) for absences from work for periods of less than two hours. Under extenuating circumstances, the City Administrator shall have the authority to approve absences up to four hours without requiring a charge against an employee's leave bank.

SECTION 18. HOLIDAYS

Executive Management Employees shall be provided with the following holidays with pay subject to the provisions of the City's Personnel Policies and Procedures Holidays and Flexible Leave (V-6/1).

New Year's Day

Labor Day

Martin Luther King Day
Lincoln's Birthday (2nd Monday in Feb)
Washington's Birthday
Memorial Day
Independence Day

Veteran's Day
Thanksgiving Day
Day after Thanksgiving
Christmas Day
Employee's Birthday

For holidays in 2015, employees will receive an additional half day holiday for Christmas Eve and New Year's Eve (affected facilities will close at 1:00 p.m.).

Every day appointed by the City Council for a public fast, thanksgiving, or holiday.

SECTION 19. SEVERANCE PAY

An Executive Management Employee whose position is abolished or vacated by a reduction in work load or lack of funds, or who is involuntarily removed from their position will receive, upon termination, severance pay. Severance pay as authorized by the City Administrator, shall be a lump sum payment, and will be provided as follows:

- Four (4) months of salary upon hire
- Five (5) months of salary for three or more years of service
- Six (6) months of salary for five or more years of service

The displaced Employee shall also receive paid health/dental and vision insurance (at the Employee's current coverage) in addition to any coverage remaining in the month of layoff or termination. The amount of paid health/dental/vision insurance coverage shall be equal to the length of the severance pay that was granted under this paragraph. In consideration of receipt of this benefit, the terminated Executive Management Employee will be required to sign an agreement provided by the City Attorney.

SECTION 20. COMPUTER PURCHASE PROGRAM

The City's interest-free computer loan program has an amount of \$30,000, available in the loan pool. See the Employee Computer Purchase Assistance Program in the City's Standard Operating Procedures Manual.

SECTION 21. OPTIONAL CELL PHONE STIPEND/ REIMBURSEMENT

An optional cell phone stipend/reimbursement (up to \$80 per month) is available to Executive Management employees, in lieu of a City issued cell phone.

SECTION 22. WORK DAY SCHEDULES/ADMINISTRATIVE TIME

A work day shall be defined as a 10-hour period for all Executive Management Employees. A work day may be defined differently if an Employee is assigned to an alternative work schedule.

Executive Management Employees shall receive 45 minutes of Administrative Time for each regularly scheduled work day (not applicable if the employee is absent from work for their entire shift).

SECTION 23. FRINGE BENEFITS – ELIGIBILITY

Executive Management Employees, as defined in Section 2, with the exception of temporary appointments, shall be entitled to receive the benefits provided by the City of Commerce as specified in the Resolution adopting said benefits.

SECTION 24. PRIOR RESOLUTIONS

This Resolution shall consolidate past fringe benefit resolutions adopted concerning Executive Management Employees into a single source reference enabling better management and administration of employment benefits for affected Employees. The adoption of this Resolution supersedes all prior resolutions referenced within this document, including Resolution No. 14-105.

SECTION 25. AMENDMENTS

Any modifications or amendments to the terms of this Resolution shall be implemented by a City Council approved Resolution directing inclusion of the modification or amendment as part of this Resolution.

SECTION 26. The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED AND ADOPTED this ____ day of November, 2015.

Lilia R. Leon, Mayor

ATTEST:

Lena Shumway
City Clerk