

RESOLUTION No. 23/17

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LARKSPUR
DEFINING THE MANAGEMENT UNIT OF EMPLOYEES AND ESTABLISHING
SALARIES AND BENEFITS FOR MEMBERS OF THE UNIT**

WHEREAS, the City Council annually adopts a budget that authorizes the City Manager to employ department managers and mid-managers;

WHEREAS, department managers and mid-managers are unrepresented employees who serve at-will to the City Manager or his designee;

WHEREAS, the City Council and City Manager desire to establish salaries and benefits for department managers and mid-managers;

WHEREAS, the City Council recognizes that to attract highly qualified, experienced managers, the City Manager may, at the time of hire, find it necessary to offer a package of salary and benefits that includes elements, such as initial leave balances, that would otherwise only accrue to the employee over a defined period of service with the City;

WHEREAS, the City Council has previously adopted and periodically amended an Outline of Salaries and Benefits for department managers and mid-managers;

WHEREAS, the attached 'Exhibit A' enumerates the job classifications whose incumbents shall be considered members of the "Management Unit"; and

WHEREAS, the attached 'Exhibit B' provides an outline of salaries and benefits for the Management Unit.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Larkspur adopts Resolution No. 23/17, affirming the definition of the management unit as enumerated in Exhibit A and establishing salaries and benefits for members of the unit as outlined in Exhibit B.

BE IT FURTHER RESOLVED that the City Council of the City of Larkspur authorizes the City Manager to implement the provisions of Exhibit B with the discretion afforded therein and consistent with the budget adopted annually by the City Council.

BE IT FURTHER RESOLVED that the City Council of the City of Larkspur authorizes the City Manager, at the time of recruitment for a management position authorized by the budget, to offer a competitive package of salary and benefits.

* * * * *

IT IS HEREBY CERTIFIED that the City Council of the City of Larkspur duly introduce and regularly adopted the foregoing resolution at a meeting held on the 19th day of April, 2017 by the following vote, to-wit:

AYES: COUNCILMEMBER:

NOES: COUNCILMEMBER:

ABSENT: COUNCILMEMBER:

ABSTAIN: COUNCILMEMBER:

ATTEST:

MAYOR

CITY CLERK

RESOLUTION No. 23/17

EXHIBIT A

CLASSIFICATIONS WITHIN THE MANAGEMENT UNIT

The Larkspur Management Unit ("Management Unit") is defined to include the following classifications:

Childcare Administrator/Program Director

City Clerk/Records Administrator

Finance Director

Library Director

Planning and Building Director

Public Works Director/City Engineer

Public Works Superintendent

Recreation Director

Recreation Supervisor

Senior Planner

EXHIBIT B

CITY OF LARKSPUR

OUTLINE OF MANGEMENT UNIT SALARIES AND BENEFITS

1. CONDITIONS OF EMPLOYMENT

a) At-Will Status

Managers are unrepresented employees that serve at-will to the City Manager. The City Manager may supervise employees directly or delegate that authority to another manager. Consistent with the provisions of this outline and the annually adopted budget, the City Manager shall assign salary and benefits to managers.

b) Terms of Employment

Managers shall receive a letter of employment from the City Manager that shall review terms of employment.

2. SALARY

The City recognizes the value of attracting and retaining qualified managers and is committed to providing a fair and competitive salary to management employees.

a) Annual Adoption of Salary Table

The City Council, as part of its annual review and adoption of a budget, shall review and adopt salaries for managers.

b) Salary Adjustments

i) No later than the last working day of May, the City Manager shall inform each manager if the proposed budget will include a recommendation for a salary adjustment for that manager. Recommendations for salary adjustments will be based on an assessment that shall include, but not be limited to, consideration of the following criteria:

- performance reviews
- market competitiveness
- internal equity and compaction
- the City's financial condition

ii) For the period of July 2017 through June 2020, members of the Management Unit shall have their salary adjusted following this schedule:

First full pay period in July 2017	3.0%
First full pay period in July 2018	3.5%
First full pay period in July 2019	3.5%

c) Performance Reviews and Performance Pay

The City Manager or his or her designee shall conduct a regular performance review of each manager. If funds are available in the budget, the City Manager may annually award managers with one-time cash payments for exemplary performance and meeting defined performance goals.

d) Market Competitiveness Review

The City Manager shall provide the Management Unit with the methodology by which managers may conduct a market competitiveness review.

e) Acting Pay

When assigned in writing by the City Manager to perform work in a higher classification for more than five (5) consecutive working days, a manager will be compensated for such assignment with no less than an additional 5.0% in salary.

3. BENEFITS

a) Group Insurance

The City shall provide group insurance for active employees as described below. The City may evaluate the group insurance benefits currently available to employees to determine if similar or better coverage may be available at lower cost to the City. The City may substitute new insurance carriers or arrange for self-insurance provided that the overall coverage is equal to or superior to the present coverage. The City will provide sufficient notice to employees before any new plan is implemented.

i) Health Plan: Cafeteria Plan

The City provides health insurance through the CalPERS Health Benefit Program, and makes premium contributions as described below. The City utilizes a Cafeteria Plan ("Plan") to provide for health premium contributions and other optional benefits. The City offers at least two (2) optional insurance plans for employee participation. Optional insurance includes disability and other specialized insurance products. These optional elements are offered to employees within the cafeteria plan on a pre-tax basis.

ii) Health Plan: Medical Premium Contributions:

For employees hired prior to January 1, 2012, the amount of the City's contribution shall be up to an amount equal to the monthly premium for the Kaiser HMO full family coverage. For employees hired subsequent to January 1, 2012, the City contribution shall be in accordance with the following:

PERSONS ENROLLED IN MEDICAL INSURANCE	CITY CONTRIBUTION
Employee Only	Up to 80% of the Employee Only premium rate for the Kaiser HMO plan.
Employee & One Dependent	Up to 80% of the Employee & One premium rate for the Kaiser HMO plan.
Employee & Two or More Dependents	Up to 80% of the Employee & 2+ premium rate for the Kaiser HMO plan.

Opt-Out of City Medical Coverage

Employees may opt out of medical coverage if they can demonstrate they have comparable coverage elsewhere. In general, the City and the Unit agree that an employee shall receive the lesser value of 50% of the Subscriber Only premium for the Kaiser HMO Plan (pro-rated for part-time employees) or \$300; the employee shall have use of these funds within the cafeteria plan, as a contribution to a retiree health savings account, or some other mutually acceptable option.

- iii) *Dental Plan:* The City will provide a fundamental dental plan and pay the full cost for each level of dental insurance (single and family) for such plan. In addition, the City shall make available a supplemental dental fund. This fund shall make available up to \$500 per year, for dental expenses incurred by a full-time employee, once the employee has reached the \$1,000 annual maximum provided for in the fundamental dental plan. This supplemental plan is available only for expenses incurred by the employees, not his or her dependents. These dental benefits will be made available on a prorated basis for those benefited positions working less than full-time.
- iv) *Vision Benefit:* The City shall provide a \$250 annual vision benefit, for employees only, for the purpose of reimbursing actual costs for vision exams, prescription eyeglasses and contact lenses.
- v) *Life Insurance:* The City shall pay premiums to provide \$50,000 of term life insurance to employees. The City shall make available additional term life insurance; the premiums for any additional term life insurance shall be the responsibility of the employee.
- vi) *Long Term Disability:* The City contracts long term disability insurance for employees. The City shall provide long term disability insurance for two-

thirds (2/3) of the employee's monthly salary for the time period specified in the contract, and shall pay premiums for this benefit on behalf of the employee.

vii) *Employee Assistance Program*: The City contracts for an Employee Assistance Program (EAP) for each employee and his/her dependents. The City shall pay premiums for this service, which entitles the employee and his/her family members to five program sessions each per year. The City pays the city's administrative costs for these programs, which are offered at no expense to employees.

b) Automobile Expense Allowance

For those managers whose duties require the use of a personal automobile to carry out their duties and assignments, the City Manager may authorize a monthly allowance of up to \$350. A manager who does not receive an automobile allowance may request reimbursement for mileage at the current Internal Revenue Service (IRS) Standard Rate.

c) Mobile Technology Expense Allowance

For those managers whose regularly assigned duties necessitate the use of a personal mobile technology phone device to be accessible while outside of the office, the City Manager may authorize a monthly allowance of up to the lesser of one-half the manager's monthly cost or \$60.

d) Employee Wellness Benefit

Management Unit employees shall be eligible for the Employee Wellness Benefit described in the Miscellaneous Employees' Association Memorandum of Understanding.

e) Deferred Compensation

- i) *457 Plan*: The City currently contracts with several deferred compensation plan providers. Employees may defer up to the IRS established limits each year, through payroll deduction.
- ii) *401 Plan*: The City currently contracts with ICMA Retirement Corporation and STARS 401 Defined Contribution Plans. There is a mandatory 1% of salary employee contribution and a 1% of salary employer match to the employees' choice of the two plans.

f) Flexible Spending Accounts

The City will make available to all employees an IRS Section 125 Flexible Benefits Plan.

4. LEAVE

a) Conformity with Miscellaneous Employees' Association MOU

Except for those provisions specific to non-exempt employment status, the following leave benefits shall be provided to managers in the manner described in the Miscellaneous Employees' Association Memorandum of Understanding.

- Paid Holidays
- Sick Leave
- Jury Duty
- Military Leave
- Sick Leave on Vacation
- Emergency Leave
- Bereavement Leave
- Maternity Leave
- Paternity Leave
- Personal Leave

b) Vacation Leave

- i) *Rate of Accrual:* Vacation leave is earned at a rate of ten (10) working days per year for the first five (5) years of service; fifteen (15) working days per year from the sixth (6) through ten (10) years of service; twenty (20) working days per year for eleven years or more. At the end of each fiscal year, employees with unused vacation exceeding his/her maximum accrual shall cease accruing vacation leave until the unused vacation amount falls below the maximum accrual threshold.
- ii) *Maximum Accrual Threshold:* For managers hired prior to June 1, 2011, the maximum accrual threshold shall be two times the manager's annual rate of accrual or 30 working days, whichever is greater. For managers hired after June 1, 2011, the maximum accrual threshold shall be 30 working days.

c) Personal Leave

At the beginning of the fiscal year, managers shall be credited personal leave as described herein. Personal leave is paid time off and any outstanding balance of personal leave shall expire on the last day of the fiscal year.

- i) *Replacement of Floating Holidays:* Management Unit employees shall receive four (4) days of personal leave to replace four previously allocated "floating holidays". Floating holidays shall no longer be credited.
- ii) *Annual Allocation:* In addition to the personal leave described in Paragraph 4(d)(i), Management Unit employees shall be credited with five (5) days of personal leave each year. The allocation shall be prorated for any manager whose employment begins after the start of the fiscal year.

The City Manager may grant up to five (5) days additional personal leave per year for employees who have provided extraordinary levels of service outside normal business hours.

d) Administrative Leave

It is the desire of the City to recognize the many additional hours of service its Management employees provide through an Administrative Leave program.

- i) *Annual Allocation:* At the beginning of the fiscal year, managers shall be credited with ten (10) days of annual administrative leave to be used to compensate for additional work performed outside the normal business day. (This allocation will be prorated for employment that begins after the start of the fiscal year.) Administrative leave may be taken as paid time off during the course of the fiscal year.
- ii) *Expiration of Administrative Leave:* Administrative leave must be used during the fiscal year granted. For those managers who do not meet the following criteria, upon the issuance of the first paycheck in June, any remaining administrative leave balance shall be converted to personal leave:
 - remain employed in good standing with the City; and
 - have used at least 5 working days of vacation leave during the current fiscal year (prior to June 1).
- iii) *Conversion to Personal Leave:* No later than the last working day in May, managers who have met or will meet the criteria in Paragraph 4(c)(ii) may notify the City Manager of their desire to convert any amount of administrative leave to personal leave.
- iv) *Direct Compensation for Administrative Leave:* No later than the last working day in May, managers who have met or will meet the criteria in Paragraph 4(c)(ii) may notify the City Manager of their desire to receive direct compensation for all or a portion of their administrative leave balances. Direct compensation shall be made on the first paycheck in June.
- v) *Deferred Compensation for Administrative Leave:* Following the first paycheck in June, remaining administrative leave balances shall be converted to deferred compensation and deposited into a Retiree Health Savings (RHS) account, a 401 account, or some combination of the two accounts administered by ICMA-RC. The program will be set-up and maintained in accordance with the guidelines of ICMA-RC.

5. INVOLUNTARY SEPARATION AND SERVERANCE

In the event a Management employee is terminated or asked to resign by the City Manager during such time as the Management employee continues to be willing and able to perform his or her duties, the City shall pay the employee a lump sum cash payment equal to three (3) months' base salary. Receipt of this lump sum payment is contingent upon execution by the City Manager and the employee of a separation agreement and general release of a form approved by the City Attorney. In addition, the City shall extend to the employee the right to continue health insurance as may be required and pursuant to the terms and conditions of the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA).

6. RETIREMENT

a) California Public Employees' Retirement System (CalPERS)

The City contracts with CalPERS for the provision of a retirement program for its miscellaneous employees. The City does not administer the retirement program and makes no representation of the specific parameters of the program beyond what is provided in the City's contract with CalPERS. Employees may obtain a copy of the CalPERS contract to review all elements of the current program.

Employees shall contribute the entire Employee Contribution Rate for their CalPERS Benefit Plan. Beginning with the first full pay period in July 2018, employees defined as "classic" members of CalPERS shall contribute 1% of annual salary toward the Employer Contribution Rate. Beginning with the first full pay period in July 2019, employees defined as "classic" members of CalPERS shall contribute another 1% of annual salary, for a total of 2%, toward the Employer Contribution Rate

i) Employees hired prior to January 1, 2012

The City agrees to provide employees with PERS "2.5% at 55" formula retirement plan and the following benefits:

- One year final compensation;
- 1959 Survivors Benefit;
- All unused sick leave credit; and
- Post Retirement Death Benefit with Post Retirement Survivor Allowance.

ii) Employees hired after January 1, 2012¹

The City agrees to provide employees with PERS "2% at 55" formula retirement plan and the following benefits:

¹ Actual effective date shall be the date of the effective date of a contract amendment with PERS.

- Highest 36 – months final compensation;
 - 1959 Survivors Benefit;
 - All unused sick leave credit; and
 - Post Retirement Death Benefit with Post Retirement Survivor Allowance.
- iii) Employees hired on or after January 1, 2013, who are "new members" of the retirement system as defined by CA Government Code Section 7522.04(f) shall be provided the following retirement plan:
- "2% at 62" benefit formula;
 - Highest 36 – months final compensation;
 - 1959 Survivors Benefit – 4th level; and
 - All unused sick leave credit;
 - Post Retirement Death Benefit with PRSA (Post Retirement Survivor Allowance)
 - All unit employees shall pay for 100% of the required member contribution. The member contribution rate is based on an annual actuarial valuation and is subject to adjustment by CalPERS.

For more specific information regarding PERS retirement benefits, refer to the Annual Employer Statement provided to the City by PERS. A copy is available for review in the Finance Department.

The City will continue to make available to miscellaneous employees, an IRS Section 414H plan.

b) Medicare

The City does not participate in Social Security for its full and part-time permanent employees. However, all employees hired after April 1986 are subject to the Medicare portion of Social Security which mandates that the employee and the employer must contribute 1.45% of the employee's salary up to a maximum dollar amount.

c) Retiree Medical

i) *For Employees Hired Before July 1, 2007*

For current employees who a) retire from the City of Larkspur, b) complete ten (10) or more years of service with the City, and, c) collect a PERS retirement benefit; the City will pay for the equivalent cost of Kaiser medical coverage for the employee.

For current employees who a) retire from the City of Larkspur, b) complete fifteen (15) or more years of service with the City, and, c) collect a PERS retirement benefit; the City will pay for the equivalent cost of Kaiser medical coverage for the employee and his/her spouse. To be eligible, the spouse must have been enrolled and receiving coverage through the City for at least one (1) year before the employee retires from the City. If other retiree medical coverage is available to the spouse, that plan will provide coverage.

ii) *For Employees Hired After July 1, 2007 and Before January 1, 2015*
 For current employees who a) retire from the City of Larkspur, b) complete ten (10) or more years of service with the City, and, c) collect a PERS retirement benefit; the City will pay for the equivalent cost of Kaiser medical coverage for the employee only.

iii) *For Employees Hired After December 31, 2014*

The City shall contribute for all retirees enrolled in a CalPERS PEMHCA health plan, the minimum employers' contribution legally mandated under PEMHCA. In addition, the city shall contribute the following amounts to the Employee's Retiree Health Savings Account (RHSA). An employee will vest in the RHSA upon the completion of one year of service with the City.

Years of Service	City Contribution
After one year of service.	3.0% of base salary

iv) Employees who otherwise retire from the City of Larkspur but do not qualify for City paid medical in retirement, as well as dependents of retirees, are allowed access, through the City, into the PERS medical plan after retirement in accordance with the rules established by PERS. Such premiums shall be paid for at the retiree's expense.

d) PEMHCA Compliance

For all retirees enrolled in a CalPERS PEMHCA health plan, the City's contribution described above includes the minimum employer contribution amount legally mandated under PEMHCA. Any benefit beyond the annually adjusted minimum employer contribution shall be delivered as a medical premium reimbursement via an IRS section 115 compliant vehicle. In no event shall the combined minimum employer contribution and the IRS Section 115 reimbursement exceed the actual premium associated with the medical plan selected by the eligible retiree.