



MEETING DATE: 10/20/08

ITEM NO: 4

COUNCIL AGENDA REPORT

DATE: October 16, 2008

TO: MAYOR AND TOWN COUNCIL

FROM: GREG LARSON, TOWN MANAGER *[Signature]*

SUBJECT: ADOPT RESOLUTION APPROVING AN UPDATE TO THE MANAGEMENT COMPENSATION PLAN AND AUTHORIZING THE TOWN MANAGER TO EXECUTE THE NECESSARY DOCUMENTS TO IMPLEMENT THE UPDATES

RECOMMENDATION:

Adopt resolution approving an update to the management compensation plan and authorize the Town Manager to execute necessary documents to implement the updates.

BACKGROUND:

The Town's management employees are unrepresented and thus do not have collective bargaining rights. In lieu of bargaining, management salaries and benefits are established by Council Resolution and periodically amended. The most recent resolution adopted by Council in regard to management compensation was the adoption of a 0% increase for FY 2008-09 to offset the cost of an enhanced retirement formula, resulting in a net savings to the Town.

This report highlights items that require updating in the management compensation plan, including administrative clean-up and opportunities to standardize benefits and correct internal inequities.

DISCUSSION:

In an effort to maintain an up-to-date and equitable management compensation plan, the Town Manager and Human Resources staff have reviewed management pay and benefits for the purpose of identifying issues for administrative clean-up, internal equity, and standardization.

[Signature]

PREPARED BY: RUMI PORTILLO
Human Resources Director

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Reviewed by: BS Assistant Town Manager AK Town Attorney
 Clerk Administrator sc Finance Community Development

SUBJECT: ADOPT RESOLUTION APPROVING AN UPDATE TO THE MANAGEMENT COMPENSATION PLAN AND AUTHORIZING THE TOWN MANAGER TO EXECUTE THE NECESSARY DOCUMENTS TO IMPLEMENT THE UPDATES

October 16, 2008

Items for Administrative Clean-up

- Updated Job Titles and Descriptions: Titles and job descriptions require updating on a periodic basis to more accurately reflect the work performed and to conform to changes in the adopted budget. Attachment A provides an updated list of Town Management positions and titles that incorporates such changes. Upon adoption of Attachment A, it is recommended that Human Resources update the specific job descriptions as needed.¹
- Salary Increases Aligned with Adoption of the Budget: The Town's past practice is to bring management pay increases to Council for approval annually in the fall. To more effectively align with budget preparation and other bargaining units, it is recommended that salary increases and performance bonus allocations for management be adopted in coordination with the Fiscal Year budget.

Items to Standardize Benefits and/or Correct Internal Equity

- Vacation Accrual: There are currently two vacation accrual schedules for management employees – one accrual schedule applies to Department Directors and a different accrual schedule applies to non-Department Directors and mirrors that of general employees. To ease the administrative burden of maintaining different vacation accrual schedules and to reduce future costs, it is recommended that the accrual schedule for Department Directors be eliminated. Department Directors who have already achieved the higher accrual rate will maintain their existing benefit but no other current or future employees will follow the higher accrual schedule.
- Health Insurance: The amount allotted for management employees who purchase health insurance has been frozen at \$1,256 since 2004. This cap is more than what is needed for single and single +1 employees to purchase Kaiser and Delta Premier, which are the Town's basic health plans. However, the cap is not sufficient to pay for family medical and dental coverage. Thus, it is recommended that the management health insurance be re-aligned similar to other non-management employee groups to maintain the cost of Kaiser and Delta Premier for the employee and their eligible dependents. This will result in an increase of coverage for some management employees but a decrease for others. It is recommended that any management employee negatively affected be "grandfathered" with the cap to remain frozen at \$1,256. All other existing and new managers will align to Kaiser and Delta Premier beginning January 1, 2009, with rate adjustments applied automatically as needed in subsequent years. Employees participating in cash allocation or who waive coverage in lieu of cash will not be affected by this change.

¹ Specific job descriptions associated with each title are maintained by Human Resources and published on the Town's website in a viewable and printable format.

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MAYOR AND TOWN COUNCIL

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- Police Certification: Sworn employees in the Police union who are POST-certified² receive a 5% premium for intermediate certification and 7.5% for advanced certification. As a result, the highest-paid employees under the union agreement will surpass their management supervisor's pay under the existing union contract. To correct this inequity, it is recommended that Captains also receive a pay premium for POST certificates. This practice is consistent with several Police agencies in the region. It is recommended that POST pay be phased in for Captains at 5% for Intermediate POST effective September 1, 2008, increasing to 7.5% for Advanced Post effective September 1, 2009.

FISCAL IMPACT:

The adopted budget for FY 2008/09 includes funding to support the recommended updates for management compensation.

Attachments: Management Job Titles and Salary Schedule
Salary Resolution

² POST Certification is awarded in accordance with the State of California Peace Officers' Standards and Testing in recognition of experience and education in Police-specific topics.

ATTACHMENT A

MANAGEMENT CLASSIFICATIONS SALARY TABLE

Updated October 20, 2008

Classification	Maximum Annual Salary Effective 8/25/08	Total Bi-Weekly Salary
Police Chief	\$173,004.00	\$6,654.00
Assistant Town Manager	\$160,373.00	\$6,168.19
Director of Community Development	\$160,373.00	\$6,168.19
Director of Parks & Public Works	\$160,373.00	\$6,168.19
Director of Finance	\$160,373.00	\$6,168.19
Deputy Director (Limited Term)	\$160,373.00	\$6,168.19
Assistant PPW Director /Town Engineer	\$151,029.00	\$5,808.81
Police Captain	\$150,047.00	\$5,771.04
Community Services Director	\$143,876.00	\$5,533.69
Human Resources Director	\$143,876.00	\$5,533.69
Library Director	\$143,876.00	\$5,533.69
Assistant Community Development Director	\$143,876.00	\$5,533.69
MIS Manager	\$133,503.00	\$5,134.73
Superintendent	\$133,503.00	\$5,134.73
Building Official	\$118,314.00	\$4,550.54
Finance Manager	\$118,314.00	\$4,550.54
Assistant Library Director	\$113,055.00	\$4,348.27
Assistant to the Town Manager	\$113,055.00	\$4,348.27
Clerk Administrator	\$113,055.00	\$4,348.27
Economic Vitality Manager	\$113,055.00	\$4,348.27
Parks and Public Works Manager	\$113,055.00	\$4,348.27
Police Admin Services Manager	\$113,055.00	\$4,348.27

RESOLUTION NO. 2008-

ADOPT RESOLUTION APPROVING AN UPDATE TO THE MANAGEMENT COMPENSATION PLAN AND AUTHORIZING THE TOWN MANAGER TO EXECUTE THE NECESSARY DOCUMENTS TO IMPLEMENT THE UPDATES

WHEREAS, The Town's management employees are unrepresented and thus do not have collective bargaining rights;

WHEREAS, In lieu of bargaining, management compensation and benefits are established by Council Resolution and periodically amended to maintain an equitable and up-to-date compensation plan;

WHEREAS, It is necessary to update the management compensation plan in the following manner for administrative clean-up, to standardize benefits and to correct internal inequities:

- Update Job Titles per Attachment A and incorporate the updated titles in published job descriptions;
- Adopt salary increases and performance bonus allocations for management in coordination with the Fiscal Year budget;
- Effective January 1, 2009, eliminate the "Management P" vacation accrual schedule and "grandfather" existing managers who have already achieved the higher vacation accrual rate;
- Effective January 1, 2009, re-align the management health insurance plan similar to other non-management employee groups to maintain the cost of Kaiser and Delta Premier for the employee and their eligible dependents and "grandfather" existing management employees who are negatively affected by this change until such time there is no negative effect; and
- Establish a pay premium for Police Captains at 5% for Intermediate POST and 7.5% for Advanced POST and phase in this premium by paying only Intermediate POST for the period September 1, 2008 through August 31, 2009, and paying the Advanced POST rate beginning September 1, 2009.

RESOLVED, by the Town Council of the Town of Los Gatos, County of Santa Clara, State of California, that the Town Council approves the updates to management compensation and that the Town Manager is hereby authorized to execute any necessary documents to implement the updates.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 20th day of October, 2008 by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED: /s/ Barbara Spector

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

ATTEST:

/s/ Jackie Rose
CLERK ADMINISTRATOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA