



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Les White

**SUBJECT: SALARY FOR MANAGEMENT
EMPLOYEES IN UNIT 99 AND
UNREPRESENTED EMPLOYEES**

DATE: June 4, 2007

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Adoption of a resolution to:

1. Amend the City of San Jose Pay Plan to provide general salary increases of 3% effective July 1, 2007 for unrepresented employees in Units 81, 82 and 99, excluding Temporary Employees.
2. Amend the health insurance co-pays to align all Health Maintenance Organization (HMO) plans currently available to City employees effective January 1, 2008.
3. Increase the monthly vehicle allowance for Senior Staff under the City Manager's appointing authority from \$350 to \$600 effective July 1, 2007.
4. Amend the City of San Jose Pay Plan effective July 1, 2007 to change the salary ranges and titles for the classifications of:
 1. Secretary to the City Manager U (1162)
 2. Emergency Preparedness Director U (2341)
 3. Manager of Public Education and Community Information U (1671)

(These changes will not result in automatic salary increases for employees in these classifications.)

OUTCOME

If the above recommendations are approved, Employees in Unit 99 and Unrepresented Employees in Units 81 and 82 (excluding Temporary Employees) will receive a 3% general wage increase for the Fiscal Year 2007-2008, including changes to health insurance cost-sharing formula and the health insurance co-pays for HMO plans. In addition, the monthly vehicle allowance for Senior Staff under the City Manager's appointing authority would be increased. Further, the City of San Jose Pay Plan will be amended for the classifications of Secretary to the City Manager U (1162), Emergency Preparedness Director U (2341), and Manager of Public Education and Community Information U (1671).

BACKGROUND

The majority of bargaining groups received a 3.75% general salary increase in Fiscal Year 2006-2007. (The salary and benefit increases for employees represented by San Jose International Association of Firefighters, Local 230 are still undetermined). Executive Management (Unit 99) and other unrepresented non-management employees also received a 3.75% general salary increase in Fiscal Year 2006-2007.

ANALYSIS

Employees in Unit 99 and Unrepresented Employees in Units 81 and 82 (excluding Temporary Employees)

Employees in Executive Management (Unit 99) consist of approximately 280 FTE's, including Senior Staff, Executive Staff, senior managers under the City Manager's appointing authority, and professional or management employees under the appointing authority of the City Attorney, City Auditor, and Independent Police Auditor. The Council Appointees themselves are also in Unit 99, but the salary recommendations in this memorandum will not apply to the appointees. However, it is recommended that the changes in health insurance apply to Council Appointees. In addition, when the Council considers compensation changes for Council Appointees, it is recommended that the City Council consider modifying the car allowance for Appointees so that it is consistent with the changes proposed in this memorandum.

The category of Other Unclassified Non-Management employees (Units 81 and 82) includes the Police Data Analyst classification under the appointing authority of the Independent Police Auditor and part-time unbenefitted employees such as Lifeguards, Council Aides and Student Interns. Employees in this group progress through steps in the salary ranges to the top step, automatically, after working a designated amount of time (six months or one year) at a particular salary step.

The recommended compensation changes for Executive Management (Unit 99) and unclassified employees is based upon similar increases that have been negotiated with most of the City's non-sworn bargaining units. (Negotiations with the Association of Engineers and Architects and the Association of Maintenance Supervisory Personnel are still on-going as of the date of this memorandum.) The recommended general salary increase for Fiscal Year 2007-2008 is 3%, effective July 1, 2007.

Medical Contributions and HMO Plan Design

It is recommended that effective the first pay period of payroll calendar 2008, employees' maximum contribution for medical insurance be increased from \$100.00 to \$150.00 per month for all employees in Units 81, 82 and 99 (excluding unbenefitted employees). This is consistent with the changes negotiated with the majority of the bargaining groups.

In addition, it is recommended that effective January 1, 2008, co-pays for all available HMO plans are as follows:

- Office Visit Co-pay: \$10
- Prescription Co-pay: \$5 for generic and \$10 for brand name
- Emergency Room Co-pay: \$50

Currently, the Kaiser health insurance plan has no office visit or emergency room co-pays and the prescription co-pay is \$5 for generic or brand name. The recommended changes align with the BlueShield HMO plan design offered to City employees.

Retiree Healthcare

Actuarial studies have estimated the total liability of retiree healthcare to be as high as \$1.4 billion. Changes to retiree health care benefits must be considered to address this liability, and any changes to retiree healthcare for employees in Units 081, 082 and 99 will be brought forward to the City Council as separate item.

Car Allowance

The monthly vehicle allowance has historically been the same for the Mayor and Council, as well as unrepresented managers. In June 1986, a resolution was adopted to increase the monthly vehicle allowance for the Mayor and Council, and unrepresented managers from \$250 to \$350. The monthly allowance for Senior Staff under the City Manager's appointing authority, which include the Assistant City Manager, Deputy City Managers, Department Directors, Office Directors and the Manager of Public Education and Community Education has been the same since 1986.

Recently, the City Council Salary Setting Commission recommended, and the City Council approved an increase to the monthly vehicle allowance for the Mayor and Council from \$350 to \$600. Therefore, it is recommended that the monthly vehicle allowance for Senior Staff under the City Manager's appointing authority be increased from \$350 to \$600 effective July 1, 2007. It is also recommended that the Council consider making a similar adjustment to the vehicle allowance for Council Appointees.

Salary Pay Plan Amendments

Specific changes to the following ranges are also recommended in order to maintain internal equity. Changes in titles are recommended to better reflect the full scope of duties.

- a. Executive Assistant to the City Manager U (1162) (formerly Secretary to the City Manager U) from the current salary range of \$56,950.40 - \$88,753.60 annually to a salary range of \$59,797.20 - \$93,191.28. (Unit 99)
- b. Director of Communication (1671) (formerly Manager of Public Education and Community Information) from the current salary range of \$91,020.80 - \$141,689.60 annually to a salary range of \$120,857.20 - \$188,624.80 (Unit 99)
- c. Emergency Preparedness Director U (2341) from the current salary range of \$91,020.80 - \$141,689.60 annually to a salary range of \$120,857.20 - \$188,624.80 (Unit 99)

Other than the recommended 3% general increase, increases to the salary ranges effective July 1, 2007 will **not** result in automatic salary increases for incumbents in these classifications.

PUBLIC OUTREACH

- X **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater; **(Required: Website Posting)**

- Criterion 2: Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**

- Criterion 3: Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

COORDINATION

This memorandum was coordinated with the Budget Office, the Office of Employee Relations, the City Attorney's Office and the Human Resources Department. In addition, the recommendations have been coordinated with the City Attorney, the City Clerk, the City Auditor, the Independent Police Auditor and the Redevelopment Agency Executive Director.

COST IMPLICATIONS

The ongoing increased annual direct cost of the 3% increase in FY 07-08 for Unit 99 is \$1,400,981 and \$28,323 for Units 81 and 82 (excluding Temporary Employees). The changes to the health cost-sharing formula and the HMO health insurance co-pays will not take effect until January 2008. The actual change to City/employee costs will be based upon the health rates established by the providers for the 2008 calendar year, which are not available at this time. The annual cost of the monthly car allowance changes is estimated to be approximately \$63,000.


for Les White
City Manager

For questions please contact me at (408) 535-8111.