


## REPORT TO CITY COUNCIL

Approved by:

  
Arnoldo Rodriguez, City Manager

Council Meeting of: November 17, 2021

Agenda Number: D-3

### SUBJECT:

Authorized Terms and Conditions for Employment Agreements of Unrepresented Department Head Positions

### RECOMMENDATION:

Adopt a Resolution:

1. Approving the standard terms and conditions for employment agreements of unrepresented department head positions;
2. Authorizing the City Manager to execute individual at-will employment agreements within the parameters of the standard terms and conditions; and
3. Authorizing the Director of Financial Services to designate and classify reserves from the general fund unassigned fund balance into the assigned classification for the one-time lump sum payments.

Pursuant to Government Code § 54953 (c) (3), prior to taking action on this item, the Council must publicly announce a summary of the action being considered.

**Announcement** - *If approved, the proposed standard terms and conditions will modify the existing agreements with unrepresented department heads as follows:*

- *Employees will receive a 2% cost of living adjustment (COLA) effective the first pay check on or after November 17, 2021, with additional 2% COLAs effective July 2022, 2023, and 2024;*
- *Employees will receive a lump sum payment of \$1,500 on the next regular pay date, with additional \$1,500 lump sum payments effective July 2022, 2023, and 2024; and*
- *Employees will receive the same Holiday Closure benefit as the Mid Management Employee Group*

**SUMMARY:**

Department head employees serve at the will of the City Manager and have individual at-will employment agreements that outline their respective terms and conditions of employment. The proposed action would authorize the City Manager to offer employment agreements to individuals within a standard set of terms and conditions. The standard terms and conditions shown in Exhibit 1 to the proposed resolution are consistent with action taken by the City Council in 2019 to redefine the department head fringe benefit package. The proposed action authorizes the City Manager to offer COLAs, lump sum payments, and a Holiday Closure consistent with salary and benefit adjustments implemented for the City’s recognized bargaining units earlier this year.

**DISCUSSION:**

The following positions within the City’s classification plan are considered at-will and serve at the will and pleasure of the City Manager.

- Police Chief
- Director of Parks & Community Services
- City Engineer
- Director of Human Resources
- Information Services Manager
- Chief Building Official
- Planning Manager
- Director of Financial Services
- Public Works Operations Director
- Director of Community Development

Individuals employed in the above listed positions have individual employment agreements. The agreements have a standard set of terms and conditions, most recently adjusted in 2019. The proposed action would adopt by resolution Authorized Terms and Conditions for Employment Agreements, providing the City Manager with authority to enter into employment agreements with individuals in the listed positions that include the standard fringe benefit package defined in 2019, with the following additions to the package:

- Employees will receive a 2% cost of living adjustment (COLA) effective the first pay check on or after November 17, 2021, with additional 2% COLAs effective July 2022, 2023, and 2024;
- Employees will receive a lump sum payment of \$1,500 on the next regular pay date, with additional \$1,500 lump sum payments effective July 2022, 2023, and 2024; and
- Employees will receive the same Holiday Closure benefit as the Mid Management Employee Group, receiving the workdays between Christmas Day and New Year’s Day as time off with pay each year the benefit is offered.

The COLAs, lump sum payments, and Holiday Closure as proposed are consistent with salary and benefit adjustments implemented for the City’s recognized bargaining units earlier this year.

**FINANCIAL IMPACT:**

Salaries

The Fiscal Year (FY) 2021-22 costs of the COLA and lump sum payments are noted below in Table 1, based on current employees and assuming implementation of the COLAs in November 2021. The cost in subsequent years will depend on the employee count at that time, classification level, and years of service.

<b>Table 1. FY 2021-22 Cost for COLA and Lump Sum Payment</b>	
<i>Compensation Element</i>	<i>Year-1 Costs</i>
2% COLA	\$6,391
\$1,500 Lump Sum	\$9,000
<b>Total FY 2021-22 Salary Cost</b>	<b>\$15,391</b>

Holiday Closure

The actual number of workdays an employee receives pay during the Holiday Closure will depend on the employee’s normal work schedule and how the holidays fall within the week in any given year. Using an assumption of four (4) workdays, the value of the Holiday Closure is estimated to be approximately \$14,912 for FY 2021-22 based on current employees.

Source of Funds

The recurring salary costs incurred by the annual COLAs will be accounted for in the City’s operating budget, and any necessary adjustments will be made in the Mid-Year Budget adjustments. The City will designate and classify reserves from the general fund unassigned fund balance into the assigned classification for the one-time lump sum payments.

**ALTERNATIVES:**

Council may direct the City Manager to further review the standard terms and conditions for unrepresented department head positions.

**ATTACHMENTS:**

1. Resolution approving standard terms and conditions for employment agreements of unrepresented department head positions
  - a. Exhibit 1: Unrepresented Department Head Positions Authorized Terms and Conditions for Employment Agreements

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MADERA APPROVING  
STANDARD TERMS AND CONDITIONS FOR EMPLOYMENT AGREEMENTS OF  
UNREPRESENTED DEPARTMENT HEAD POSITIONS**

**WHEREAS**, the City of Madera wishes to establish reasonable rules, regulations and compensation for its staff within the financial limits of the organization; and

**WHEREAS**, pursuant to the Madera Municipal Code, the following unrepresented management positions serve at the will of the City Manager:

- Police Chief
- Director of Parks & Community Services
- City Engineer
- Director of Human Resources
- Information Services Manager
- Chief Building Official
- Planning Manager
- Director of Financial Services
- Public Works Operations Director
- Director of Community Development

**WHEREAS**, the City desires to establish written parameters for the terms and conditions of employment for individuals serving the City in these positions to support transparency and consistency.

**NOW, THEREFORE, THE COUNCIL OF THE CITY OF MADERA** hereby resolves, finds, and orders as follows:

1. The above recitals are true and correct.
2. The City Manager is authorized to execute individual at-will employment agreements within the parameters as set forth in the Authorized Terms and Conditions for Employment Agreements with Unrepresented Department Heads as set forth in Exhibit 1 to this resolution which is incorporated by reference and approved.
3. The Director of Financial Services is directed to designate and classify reserves from the general fund unassigned fund balance into the assigned classification for the lump sum payments of \$1,500 to each employee.
4. This resolution is effective immediately upon adoption.

\* \* \* \* \*

# Unrepresented Department Head Positions

## Authorized Terms and Conditions for Employment Agreements

### I. Unrepresented Department Head Positions

- Police Chief
- Director of Parks & Community Services
- City Engineer
- Director of Human Resources
- Information Services Manager
- Chief Building Official
- Planning Manager
- Director of Financial Services
- Public Works Operations Director
- Director of Community Development

### II. Employment Agreement Term

- Up to 4 years

### III. Annual Salary

- Salary range assignments for each position are published on the City of Madera Salary Schedule publicly adopted by the City Council.
- The City Manager is authorized to set salaries for Department Heads consistent with the Salary Schedule.
- The City Manager is authorized to provide merit step increases for satisfactory job performance within the salary steps defined on the published Salary Schedule.
- The City Manager is authorized to provide Cost of Living Adjustment (COLA) increases to Department Heads as follows:
  - Effective the first paycheck on or after November 17, 2021, positions listed in Section I will receive a 2% base wage increase.
  - Effective the first paycheck on or after July 1, 2022, positions listed in Section I will receive a 2% base wage increase.
  - Effective the first paycheck on or after July 1, 2023, positions listed in Section I will receive a 2% base wage increase.
  - Effective the first paycheck on or after July 1, 2024, positions listed in Section I will receive a 2% base wage increase.
- In addition to the percent-based wage increases noted above, the City Manager is authorized to provide each employee employed by the City in positions listed in Section I with a lump sum \$1,500 payment to be paid on the first regular paycheck on or after November 17, 2021; July 1, 2022; July 1, 2023; and July 1, 2024; subject to applicable taxes and deductions.

# Unrepresented Department Head Positions

## Authorized Terms and Conditions for Employment Agreements

### IV. Severance

- Employment Agreements may include 1 ½ months salary & health benefits severance in one (1) lump sum payment for separation without cause

### V. Paid Leave – Employment Agreements may include benefits as follows:

- Vacation – accrues based on years of service consistent with Mid Management accrual schedule; maximum accrued balance will be 360 hours. Employee also receives an 8-hour credit to vacation each year on the employee’s hire anniversary date.
  - Vacation Cash-out: Employee may cash-out unused vacation once per year if vacation balance is at least 160 hours.
    - 0-5 years of total City service – 40 hours
    - 6+ years of total City service – 80 hours
- Sick leave – accrues each pay cycle consistent with Mid Management accrual schedule; no cap on accrual. After 5 years of City service, employee may cash-out unused sick leave with positive separation or retirement based on the following schedule:

Years of Service	Sick Leave Cash-Out
5	7.5%
7	10.5%
10	15.0%
15	22.0%
20	30.0%

- Family Sick Leave - Up to 72 hours of sick leave may be used each year for family.
- Administrative Leave – 40 hours credited each July 1. Not available for carryover or cash-out. A pro-rated amount will be credited for the remainder of the fiscal year based on hire date if employee is hired mid-fiscal year.
- Holidays – Observed paid holidays will be consistent with Mid Management paid holidays.
- Floating Holiday – Employees with 5-9 years of total City service are credited with 20 hours of Floating Holiday each July 1; employees with 10+ years of total City service are credited with 40 hours of Floating Holiday each July 1.
- Holiday Closure - Employee will receive the same Holiday Closure benefit as that received by the City of Madera Mid Management Employee Group.

# Unrepresented Department Head Positions

## Authorized Terms and Conditions for Employment Agreements

### VI. Retirement

- CalPERS formula is defined by date of hire and position
  - Employee pays Employee Contribution to CalPERS
  - Employee pays an additional 2.375% of base pay for Miscellaneous employees and 3% of base pay for Safety employees towards Employer Contribution through either a salary reduction or post-tax payroll deduction.
  - Employee pays for 1959 Survivor Benefit.

### VII. Health Insurance

- Employee will receive the same plan offerings and employer contribution as that received by the City of Madera Mid Management Employee Group.

### VIII. Longevity Pay

- Longevity pay was frozen as of June 30, 2019. Employees in the positions listed in Section I who had achieved longevity pay as of that date continue to receive the benefit but cannot achieve additional longevity pay with additional years of service. This benefit is not available to employees hired or promoted into the positions listed in Section I after June 30, 2019.

### IX. Retiree Medical

- Individuals who retire from City service are eligible to purchase medical, dental, and vision insurance for the retiree and eligible dependents at the retiree's expense until such time as the individual is eligible for Medicare
- For individuals who were employed in the positions listed in Section I as of April 3, 2019, and had at least fifteen (15) years of City service at that time, the City will contribute up to a cap of \$600 per month for retiree medical insurance until the individual is eligible for Medicare and up to a cap of \$300 per month for a Medicare supplement plan after the individual is eligible for Medicare. This benefit is not available to employees hired or promoted into the positions listed in Section I after April 3, 2019.

### X. Other Benefits

- Employee may elect to receive a City-issued smart phone or use his/her personal phone and receive a \$75/month stipend. If stipend is elected, personal phone number must be publicly available.
- The Police Chief will receive the same Uniform Allowance as sworn members of the Law Enforcement Mid Management Group.
- Bereavement Leave: In addition to paid leave available, Employee will receive 3 days of leave per fiscal year in the event of the death of a grandparent, parent, spouse, registered domestic partner, or child.

## **Unrepresented Department Head Positions**

### Authorized Terms and Conditions for Employment Agreements

- City paid life/AD&D insurance: \$50,000 employee/\$5,000 dependent; employee can purchase additional voluntary life insurance for self, spouse and/or dependents through the City's provider through payroll deduction.
- City paid Long Term Disability insurance