

## **RESOLUTION NO. 7692**

### **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN FERNANDO ESTABLISHING THE SALARY AND BENEFITS FOR EMPLOYEES IN CLASSIFICATIONS DESIGNATED AS DEPARTMENT HEADS**

**WHEREAS**, under California State law, the City Council is vested with the authority to designate classifications as being Department Heads; and

**WHEREAS**, the City Council; has established and designated the following classifications as Department Heads: (1) Deputy City Manager/Director of Public Works; (2) Director of Community Development; (3) Director of Finance; and (4) Director of Recreation and Community Service; and

**WHEREAS**, the classifications designated as Department Heads of the City of San Fernando are critical to the City's efficient and effective operations, the City Council recognizes the management nature and responsibilities of the positions; and

**WHEREAS**, the City Council desires to provide competitive benefits to its employees; and

**WHEREAS**, the terms and conditions of employment for the Department Heads were previously set forth in a Memorandum of Understanding between the City of San Fernando and the Management Bargaining Unit; and

**WHEREAS**, the City of San Fernando intends to provide adjustments effective the first day of the first pay period beginning after July 1, 2015 to employees in Department Head classifications; and

**WHEREAS**, the City Council has determined that it is appropriate to provide the same economic adjustments to employees in Department Head classifications that are consistent with negotiated provisions in other recognized bargaining units in the City; and

**WHEREAS**, the City of San Fernando intends to provide the same or equivalent economic adjustments to employees in Department Head classifications as those negotiated by other recognized bargaining units in the City.

**NOW THEREFORE**, the City Council of the City of San Fernando, California, hereby resolves to approve the wages, benefits, and terms and conditions of employment for the employees in Department Head classifications as outlined in the attached "Exhibit A":

**PASSED, APPROVED, AND ADOPTED** this 3<sup>rd</sup> day of August, 2015.

  
Joel Fajardo, Mayor

**ATTEST:**

  
Elena G. Chávez, City Clerk


**STATE OF CALIFORNIA**           )  
**COUNTY OF LOS ANGELES**    ) ss  
**CITY OF SAN FERNANDO**     )

**I HEREBY CERTIFY** that the foregoing Resolution was approved and adopted at a regular meeting of the City Council held on the 3<sup>rd</sup> day of August, 2015, by the following vote to wit:

**AYES:**           Fajardo, Ballin, Gonzales, Lopez, Soto – 5

**NOES:**           None

**ABSENT:**       None

  
Elena G. Chávez, City Clerk

## **EXHIBIT "A"**

Upon the City Council's adoption of Resolution 7692, the compensation, benefits plan, and terms and conditions of employment for employees in classifications designated as Department Heads will be as set forth below.

### **SECTION 1. DEPARTMENT HEAD CLASSIFICATIONS:**

- Deputy City Manager/Director of Public Works
- Director of Community Development
- Director of Finance
- Director of Recreation and Community Services

### **SECTION 2. SALARY:**

The base salary for each employee subject to Resolution 7692 shall be adjusted as follows:

- No adjustment to base salary for fiscal year 2015-2016.
- Effective on the first day of the first pay period beginning after July 1, 2016, the employee's base salary shall be increased by one percent (1.0%).
- Effective on the first day of the first pay period beginning after July 1, 2017, the employee's base salary shall be increased by one and one-half percent (1.5%).
- Effective on the first day of the first pay period beginning after July 1, 2018, the employee's base salary shall be increased by two percent (2.0%).

### **SECTION 3. SPECIAL PAY:**

#### Longevity

Department Heads that have completed 10 years of service from date of hire will receive an additional 3% above the base salary step.

Department Heads that have completed 20 years of service from date of hire will receive a total of 4% over and above the base salary.

Department Heads that have completed 30 years of service from date of hire will receive a total of 5% over and above the base salary.

Department Heads on leave of absence without pay, with the exception of Family & Medical Leave (FMLA), shall not have such leave time credited as service time for purposes of calculating the years of service.

### Bilingual Pay

Department Heads will receive bilingual pay in the amount of \$100 per month provided he or she has satisfactorily demonstrated to the City his/her fluency in the Spanish language, based on written and/or oral testing procedures as selected by the City.

### Acting Pay

Department Heads who, by written assignment, perform the duties of a position with a higher salary classification than that in which they are regularly employed shall receive the compensation specified for the position to which assigned, if performing the duties thereof for a period of fifteen (15) or more consecutive work days. The increased compensation shall be retroactive to the first day of said assignment, and at the step within the higher classification as will accord the employee an increase of at least 5% of his or her current regular compensation.

## **SECTION 4. EMPLOYEE AND RETIREE INSURANCE BENEFITS:**

### Medical, Dental and Vision Insurance for Active Employees

The City contracts with the California Public Employees' Retirement System (PERS) for medical insurance coverage. Eligible new hires are covered under the program on the first day of the month following enrollment. The City will contribute the Public Employee's Medical and Hospital Care Act (PEMHCA) statutory minimum on behalf of each participant in the program. A participant is defined as:

1. An enrolled employee and eligible dependents;
2. An enrolled retiree and eligible dependents; and
3. A surviving annuitant.

The City will provide Department Heads with a full flex cafeteria plan in accordance with IRS Code Section 125. Department Heads shall receive a monthly flex dollar allowance to purchase medical, dental and vision benefits offered through the City's insurance plans.

The monthly flex dollar allowance, inclusive of the statutory PEMHCA minimum, shall be:

	January 1, 2016	January 1, 2017	January 1, 2018	January 1, 2019
<b>Employee only:</b>	\$750	\$765	\$780	\$795
<b>Employee + 1:</b>	\$1,300	\$1,325	\$1,350	\$1,375
<b>Family:</b>	\$1,750	\$1,785	\$1,820	\$1,855

The monthly flex dollar allowance may be used in accordance with the terms of the cafeteria plan to purchase benefits offered under the cafeteria plan and other supplementary products. After enrolling in a mandatory medical insurance plan, or opting out under the "Opt Out"

provision below, Department Heads have the option to waive the other benefits and have the excess flex dollars converted to taxable income or purchase other supplementary products.

In the event that premiums and/or costs for the selected benefits exceed the monthly flex dollar allowance, the balance will be paid by the employee through automatic pre-tax payroll deduction, as permitted under IRS Code Section 125.

If any bargaining unit negotiates a flex dollar allowance that exceeds the amounts identified above, the City will adjust the flex dollar allowance for Department Heads to match the higher flex dollar amount.

#### Opt Out

Department Heads may elect to discontinue participation in the PERS Health Plan medical insurance coverage ("Opt Out"). The intent of this provision is to share premium savings that the City will incur as a result of a Department Head canceling City coverage.

Department Heads electing to waive City medical insurance coverage for themselves and all eligible family members must provide proof of coverage through another (non-City) benefit plan (e.g., spouse's coverage through another employer), and must waive any liability to the City for their decision to cease coverage under the City's medical insurance plan.

Upon proof of other coverage, Department Heads may elect to waive the City's medical insurance and use the above allotted single-party (Employee only) flex dollars toward other items in the full flex cafeteria plan or convert it to taxable income.

After electing to Opt Out, a Department Head who later requests to re-enroll under the City plan can only do so during the open enrollment period or after a qualifying event as permitted by the insurance carrier and Cafeteria Plan regulations.

For medical insurance plans, when a Department Head is the spouse of another benefited City employee, the affected employees shall have the option of:

- a. Each employee may elect a flex dollar amount of a single employee;
- b. One (1) employee may select a plan and list the spouse as a dependent under the two-party or family coverage, as applicable and the remaining employee may opt-out as outlined above.

#### Medical Insurance for Retirees

Effective upon approval of the necessary Resolution(s) by CalPERS, the City will create a two (2) tier structure for retiree medical insurance. The City will adopt a Resolution to implement a ten (10) year retiree medical insurance vesting schedule, pursuant to the provisions of California Government Code Section 22893.

1. Retiree Medical Tier I: Department Heads hired on or before June 30, 2015 and retire on or after July 1, 2015:

If the employee meets the vesting schedule set forth in California Government Code Section 22893, 100% paid medical insurance benefits for whatever plan is selected by the employee for himself/herself and eligible dependents, except that if the employee chooses the most expensive plan, the employee will be pay the difference in premiums.

2. Retiree Medical Tier II: Department Heads hired on or after July 1, 2015:

If the employee meets the vesting schedule set forth in California Government Code Section 22893, PEMHCA minimum (currently \$122 per month for 2015).

#### Retiree Health Savings Account

For Department Heads that are in Retiree Medical Tier II as described above, the City will contribute \$100 per month into a Retiree Medical Trust (RMT) or Retiree Health Savings (RHS) Plan, whichever is designated by the City. An employee may elect to contribute an additional amount to the RMT or RHS, at his or her option. The City will work to implement a RMT or RHS prior to June 30, 2016.

#### Life Insurance

The City shall provide all Department Heads with a \$50,000 Basic Life and AD&D insurance policy at no cost to the employee.

### **SECTION 5. RETIREMENT:**

The City shall provide retirement benefits to eligible employees through the California Public Employees' Retirement System (CalPERS) as follows: The definition of "new" member and "classic" member are set forth in the Public Employee Pension Reform Act of 2013 (PEPRA).

First Tier: "Classic" members hired prior to November 12, 2005 will receive the 3% at 60, single highest year compensation retirement calculation.

Second Tier: "Classic" members hired on or after November 12, 2005 will receive the 2% at 55, final 36-month average compensation retirement calculation.

Third Tier: "New" members hired on or after January 1, 2013 will receive the 2% at 62, final 36-month average compensation retirement compensation retirement calculation.

In accordance with the existing contracts with CalPERS, the City shall provide the following retirement benefits to employees:

- a. Fourth Level of 1959 Survivor Benefits (Government Code Section 21574).
- b. 5% Cost of Living Allowance (COLA) for employees hired on or before November 12, 2005; and 3% COLA for employees hired after November 12, 2005 (Government Code Section 21335).
- c. Credit for unused sick leave for employees as per CalPERS guidelines (Government Code Section 20965).

#### Employer Paid Member Contributions

Effective upon CalPERS' approval of the necessary Resolutions, but not before the payroll period containing July 1, 2015, the City shall pay 6.0% for First Tier CalPERS members and 5.5% for Second Tier CalPERS members toward the employee's required CalPERS contribution.

Effective on the first day of the payroll period containing July 1, 2016, the City shall pay 7.0% for First Tier CalPERS members and 6.5% for Second Tier CalPERS members toward the employee's required CalPERS contribution.

Effective on the first day of the payroll period containing July 1, 2017, and thereafter, the City shall pay 7.5% for First Tier CalPERS members and 7.0% for Second Tier CalPERS members toward the employee's required CalPERS contribution.

The City's payments, above, shall be treated as a "pick up" of employee contributions pursuant to IRC 414(h)(2).

The City shall continue to report the value of the Employer Paid Member Contribution to CalPERS as compensation earnable on behalf of each employee, pursuant to California Government Code Section 20636(c)(4).

In accordance with PEPR, "New" CalPERS members shall pay, by pre-tax payroll deduction, the full employee contribution of 50% of the total normal cost.

### **SECTION 6. LEAVE BENEFITS:**

#### Management Leave

Management leaves provides a means of compensation for hours worked by exempt employees beyond their normal work schedule. The City shall provide Department Heads with one hundred twenty (120) hours Management Leave per year credited each January 1. Management Leave must be used in the year earned and cannot be carried over from one calendar year to the next. Unused management leave hours will be cashed out in December of each year at the employee's



current rate of pay. At the time of separation, any unused management leave hours will be paid at the employee's current rate of pay.

### Annual Leave

Department Heads earn Annual Leave in lieu of vacation and sick leave. Annual Leave is intended to provide time for an employee to be away from the work environment and to enable such employee to return to work mentally and physically refreshed.

The City shall provide for Annual Leave to accrue on a payroll to payroll basis prorated in accordance with the following rates.

- 0 – 4 years of City service: 6.15 hours per pay period (160/year)
- 5 – 9 years of City service: 7.69 hours per pay period (200/year)
- 10 or more years of City service: 9.23 hours per pay period (240/year)

Department Heads who have pre-existing sick leave and/or vacation accrual balance shall convert sick leave to annual leave at the rate of one hour of sick leave to 0.5 hours of annual leave; and convert vacation to annual leave at the rate of one hour of vacation to one hour of annual leave.

Department Heads may, at the employee's discretion, accrue up to eight hundred (800) hours of Annual Leave. Upon separation from City service, the employee shall be compensated for any unused Annual Leave at his or her regular rate of pay.

### Holiday Leave

Each Department Head shall be entitled to the following holidays with pay (8 hours per holiday):

- |                                      |                             |
|--------------------------------------|-----------------------------|
| (1) New Year's Day                   | (7) Labor Day               |
| (2) Martin Luther King, Jr. Birthday | (8) Veteran's Day           |
| (3) President's Day                  | (9) Thanksgiving Day        |
| (4) Cesar Chavez's Birthday          | (10) Day after Thanksgiving |
| (5) Memorial Day                     | (11) Christmas Day          |
| (6) Independence Day                 | (12) Floating Holiday       |

Floating holiday hours are credited each January 1 and must be used before December 30. Unused floating holiday hours are not carried forward.

### Bereavement Leave

Department Heads shall be permitted to use up to five (5) days of paid bereavement leave following the death of an immediate family member and one (1) paid day following the death of an extended family member.



For the purposes of this benefit, "Immediate Family" shall mean grandparent, parent, child, sibling, spouse, or registered domestic partner as permitted by California law, or any person living in the household. Proof of residence may be required. "Parent" shall mean biological, foster, or adoptive parent, stepparent, legal guardian or person who has parental rights to employee. "Child" shall mean a biological, adopted, or foster child, stepchild, legal ward or a child of a person who has parent's rights.

For the purpose of implementing this benefit, "Extended Family" shall mean: Aunts, Uncles, and Cousins, god-parents or god-parent equivalent.

The City Manager may authorize additional days of leave for bereavement purposes on an as-needed basis.

## **SECTION 7. WORK SCHEDULE:**

Department Heads shall devote not less than 40 hours per week to assigned duties. It is recognized that Department Heads may need to devote more time outside of normal office hours for the benefit of the City.

## **SECTION 8. REIMBURSEMENTS:**

### Tuition Reimbursements

The City shall reimburse Department Heads for pre-approved courses to a maximum of \$3,000 per fiscal year. Approval must be obtained from the City Manager prior to enrolling in the course. Requests for reimbursement and approval must be in accordance with the City's policy on tuition reimbursement.

Tuition reimbursement shall be contingent upon employee satisfactorily completing course(s) with a minimum of a "B" grade and commit to continued service (employment) to the City of San Fernando for the equivalent of the school units, not to exceed two (2) years.

### Wellness Reimbursement

To encourage the health and well-being of employees, the City shall reimburse certain wellness expenses in an amount not to exceed \$600 each fiscal year. Employees must request reimbursement using a City approved form and supply valid receipts at time of reimbursement. Unused funds will not be carried over to the following fiscal year.

The following are reimbursable items under this section:

- Medical examination by the health provider of the employee's choice.
- Membership in a health club or fitness center.

- Other formal wellness programs provided by professionals (e.g. smoking cessation, weight control, nutrition, or similar programs.)
- Reimbursement for employee or eligible dependent medical expenses (deductibles or co-payments) not covered by the employee's health, dental, or vision insurance.
- Reimbursement for medical, vision, and dental insurance premiums in excess of the monthly flex dollar allowance, if applicable.
- Additional contact lenses, prescription glasses, or prescription sunglasses not covered by medical or vision insurance.
- Dental work (included orthodontia) for employee or eligible dependents not covered by medical or dental insurance.
- Registration fees for health classes (e.g. yoga, cross fit, etc.).
- Entrance fees for competitive sporting events (e.g. bicycle or running race, mud run competition, et cetera).

#### Technology Reimbursement

Department Heads may elect to receive a technology reimbursement of \$100/month in lieu of a City issued cell phone. Department Heads that continue to receive a City issued cell phone will not receive the reimbursement.

#### **SECTION 9. CAR ALLOWANCE:**

Department Heads will receive a City-provided vehicle or car allowance of \$300/month as compensation for attendance at off-site meetings, conferences, professional development, and any other business-related travel. Department Heads receiving a City-provided vehicle or car allowance will not be reimbursed for mileage.

#### **SECTION 10. SEVERANCE PAY:**

Department Heads are considered at-will employees and serve at the pleasure of the City Manager. If a Department Head is dismissed or discharged without cause, the City will provide the employee up to three (3) months' severance pay. Severance pay shall be calculated on base salary only, and on years of service with the City at a rate of one (1) month per one (1) year of service. In the event a Department Head is dismissed for cause, the City shall have no obligation to pay severance benefits.

All Department Heads hired before July 1, 2015 will earn one month severance pay upon adoption of this resolution and will earn another month each July 1<sup>st</sup> thereafter, up to three total months. Department Heads hired on or after July 1, 2015 will earn one month severance pay upon the one-year anniversary of their hire date, and each anniversary thereafter, up to three total months.

After receiving written notice of dismissal from the City, Department Heads may elect to be placed on administrative leave for an amount of time equal to their earned severance pay (i.e. up to three months) instead of receiving a lump-sum payout. The employee must notify the City of their election within three (3) business days of receiving written notice of dismissal.

#### **SECTION 11. EMPLOYMENT CONTRACTS:**

The City Manager, with the approval as to form by the City Attorney, may execute a separate employment contract with any Department Head provided the benefits included in the contract do not exceed the benefits listed in this Exhibit. Benefits listed in this Exhibit shall govern unless otherwise provided in the Department Head's employment contract.

#### **SECTION 12. PROVISIONS OF LAW AND SEVERABILITY:**

The parties agree that this Resolution is subject to all current and future applicable federal, state, and local laws.

If any article, part, or provision of this Resolution is in conflict with or inconsistent with applicable provisions of federal, state or local law or is otherwise held to be invalid or unenforceable by a court of competent jurisdiction, such article, part, or provision thereof shall be suspended or superseded by such applicable law or regulation, and the remainder of the Resolution shall not be affected thereby.