



SAN RAFAEL CITY COUNCIL AGENDA REPORT

Department: Human Resources

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Human Resources Operations Manager

City Manager Approval: 

TOPIC: APPROVAL OF THE NEW SALARY RESOLUTION THAT AUTHORIZES COMPENSATION FOR ELECTED CITY CLERK AND PART-TIME CITY ATTORNEY

SUBJECT: RESOLUTION ESTABLISHING THE COMPENSATION AND WORKING CONDITIONS FOR THE ELECTED CITY CLERK AND ELECTED PART-TIME CITY ATTORNEY (JULY 1, 2021 THROUGH JUNE 30, 2024) AND FY 20-21 FURLOUGH REPAYMENT

RECOMMENDATION: Adopt Resolution

BACKGROUND:

The elected City Clerk and elected part-time City Attorney salary resolution expired on June 30, 2020 and was extended by side letter through June 30, 2021. In keeping with the equity adjustment approach for Unrepresented Mid-Management and Executive Management employees, salary increases for these positions depend on the extent to which each position is behind the labor market average. The recommended increases for the elected City Clerk and elected part-time City Attorney are in line with what has been proposed for approval by the City Council for non-safety bargaining groups for the same three-year period.

ANALYSIS:

The following reflects highlights of the recommended salary resolution and is consistent with the economic guidelines authorized by the City Council. The attached resolution includes all of the recommended changes.

1. **Term of the Resolution:** July 1, 2021 through June 30, 2024
2. **Salary Increase:** Individual salary increase percentages for the elected City Clerk and elected part-time City Attorney are based on how far behind each position is in comparison to the labor market average. Positions that over the labor market are eligible for a 1.6% base wage increase. Positions 10% or less behind the labor market average are eligible for a 3.5% base wage increase. Positions that are more than 10% behind the labor market average are eligible for a 4% base wage increase. The salary schedule included in the attached resolution authorizes the proposed new salary for each position.

FOR CITY CLERK ONLY

Council Meeting: _____

Disposition: _____

3. Prior year resolution extension – restoration of 3% base wage: In FY 20/21, all employees (except WCE, Local 1, Mid-Management, Executive Management and elected City Clerk and elected part-time City Attorney) received a minimum 3% base wage increase with the 1-year contract extension implemented for FY 20/21. The timing of the COVID-19 pandemic and the associated financial losses which were projected at that time, resulted in an unintended disparate treatment of employees who did not receive this same base wage increase. However, the City is now in a financial position to “restore” a 3% base wage increase to these groups. The 3% base wage will apply to the Elected City Clerk and Elected Part-Time City Attorney and is reflected in the attached salary schedule effective July 1, 2021.

FY 20/21 Furlough Repayment

In response to the global COVID-19 pandemic that began in the spring of 2020, the City of San Rafael declared a local state of emergency. In anticipation of dire financial circumstances, the City exercised its management rights under the salary resolution and implemented a Citywide furlough for all non-safety positions. Based on the best financial projections available at the time, it was necessary and prudent to implement the furlough in order to avoid potential workforce reductions in the future.

Year-end review of the FY 20/21 budget shows that the City’s projected revenue losses anticipated due to the pandemic fortunately did not materialize as expected and the City is projecting a financial surplus for fiscal year 20/21. As a result, the City is in a financial position at this time to issue repayments to employees who were furloughed over the last year. The circumstances that make it possible for the City to reimburse employees for the furlough are extremely unique in nature and this one-time reimbursement for FY 20/21 is non-precedential. The City will issue a one-time re-payment equal to the actual furlough reduction amount taken by the City Clerk and part-time City Attorney for FY 20/21. The City has already made MCERA pension contributions on each employee’s regular (non-furloughed) payroll amount each pay period during FY 20/21, therefore the City will not make any additional contributions to Classic or PEPRA employees’ pensions and the repayment amount is subject to normal payroll taxation. The total amount of the furlough repayment for the elected City Clerk and elected part-time City Attorney is \$12,600.

FISCAL IMPACT:

The current total annual salary and benefit cost to the City for the elected City Clerk and elected part-time City Attorney is \$426,892. The additional ongoing incremental cost of the recommended salary resolution beyond the FY 20/21 budget is:

	<u>Incremental FY 2021-22</u>	<u>Incremental FY 2022-23</u>	<u>Incremental FY 2023-24</u>
Wages:			
Base Salary	\$ 9,875	\$10,270	\$10,680
Other costs:			
Pension*	\$ 5,326	\$ 5,539	\$ 5,760
Taxes (Medicare, W/C)	<u>\$ 284</u>	<u>\$ 282</u>	<u>\$ 293</u>
Total Incremental Cost:	\$15,485	\$16,091	\$16,733

**This incremental pension cost results only from the negotiated wage increase and does not include the cost of associated MCERA rate changes. The terms and conditions of the pension benefit plan remain unchanged.*

While the incremental cost is \$15,485 for fiscal year 2021-2022, \$16,091 for fiscal year 2022-2023, and \$16,733 for fiscal year 2023-2024, the increases are compounding and therefore the projected cumulative wages and other costs total \$95,370, plus \$12,600 in one-time costs for the furlough

repayment, totaling \$107,970 for the three-year term. The incremental cost for fiscal year 21-22 includes the prior year (fiscal year 20/21) restoration of a 3% base wage increase. The increase in compensation included in this resolution is in line with the City's current budget projections. Funding for these positions is provided for in the City's General Fund.

OPTIONS:

The City Council has the following options to consider in this matter:

- Accept staff's recommendation to adopt the resolution.
- Adopt resolution with modifications.
- Direct staff to return with more information.
- Take no action.

RECOMMENDED ACTION:

Staff recommends that the City Council adopt the Resolution Establishing the Compensation and Working Conditions for the Elected City Clerk and Elected Part-Time City Attorney (July 1, 2021 through June 30, 2024). which includes repayment of the FY 20-21 furlough.

ATTACHMENTS:

1. Resolution Establishing the Compensation and Working Conditions for the Elected City Clerk and Elected Part-Time City Attorney (July 1, 2021 through June 30, 2024)

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN RAFAEL ESTABLISHING THE COMPENSATION AND WORKING CONDITIONS FOR THE ELECTED CITY CLERK AND ELECTED PART TIME CITY ATTORNEY (JULY 1, 2021 THROUGH JUNE 30, 2024)

WHEREAS, the Salary Resolution establishing the terms of compensation for the elected City Clerk and City Attorney expired on June 30, 2021; and

WHEREAS, the elected City Clerk and City Attorney were subject to a 5% furlough reduction for Fiscal Year 2020-21; and

WHEREAS, year-end review of the FY 20-21 budget shows that the City's projected revenue losses anticipated due to the pandemic did not materialize as expected and the City is in a financial position to issue repayment of the furlough reduction; and

WHEREAS, the circumstances that make it possible for the City to reimburse employees for the furlough are extremely unique in nature and this one-time reimbursement for FY 20-21 is non-precedential;

NOW, THEREFORE BE IT RESOLVED that the City Council of the City of San Rafael hereby approve the following compensation and working conditions for the Elected City Clerk and Elected Part-Time City Attorney and repayment of the furlough reduction taken for FY 20-21.

1. SALARY

a) Salary Increase

Prior year contract extension – restoration of 3% base wage: In FY 20/21, all employees (except WCE, Local 1, Mid-Management, Executive Management and Elected City Clerk and Elected Part-Time City Attorney) received a minimum 3% base wage increase with the 1-year contract extension implemented for FY 20/21. The timing of the COVID-19 pandemic and the associated financial losses which were projected at that time, resulted in an unintended disparate treatment of employees who did not receive this same base wage increase. However, the City is now in a financial position to “restore” a 3% base wage increase to these groups. The 3% base wage will apply to the Elected City Clerk and Elected Part-Time City Attorney and is reflected in the salary schedule listed below.

Individual classification salary increase percentages depend on the labor market adjustment applied to each position. The proposed new salary for each position is as follows:

Year 1:

Step	A	B	C	D	E
City Clerk	\$ 9,326	\$ 9,792	\$ 10,282	\$ 10,796	\$ 11,335
City Attorney	N/A	N/A	N/A	N/A	\$ 11,755

Year 2:

Step	A	B	C	D	E
City Clerk	\$ 9,699	\$ 10,184	\$ 10,693	\$ 11,227	\$ 11,789
City Attorney	N/A	N/A	N/A	N/A	\$ 12,226

Year 3:

Step	A	B	C	D	E
City Clerk	\$ 10,087	\$ 10,591	\$ 11,121	\$ 11,677	\$ 12,260
City Attorney	N/A	N/A	N/A	N/A	\$ 12,715

b) Car Allowance

An incumbent who holds the City Clerk's office is eligible to receive a monthly car allowance of \$350.

2. INSURANCE

a) Health Insurance: Effective January 1, 2009, the City implemented a full flex cafeteria plan for active employees, in accordance with IRS Code Section 125. Active employees participating in the City's full flex cafeteria plan, including the City Clerk and City Attorney, shall receive a monthly flex dollar allowance to purchase benefits under the full flex cafeteria plan.

The monthly flex dollar allowance effective the paycheck of December 15, 2020 shall be:

For employee only:	\$ 673.42
For employee and one dependent:	\$1,346.82
For employee and two or more dependents:	\$1,750.88

Flex dollar allowances shall increase on the December 15th paycheck of each subsequent year by up to a maximum of three percent (3%) on an annual basis, based on but not to exceed the Kaiser Bay Area premium rate increase for the upcoming calendar year.

The City shall contribute to the cost of medical coverage for each eligible employee and his/her dependents, an amount not to exceed the California Public Employees' Medical and Hospital Care Act (PEMHCA) contribution, as determined by CalPERS on an annual basis. This portion of the monthly flex dollar allowance is identified as the City's contribution towards PEMHCA. The balance of the monthly flex dollar allowance (after the PEMHCA minimum contribution) may be used in accordance with the terms of the cafeteria plan to purchase health benefits or may be converted to taxable income.

Conditional Opt-Out Payment: An employee may elect to waive the City's health insurance coverage and receive the value of the Employee Only contribution as a monthly Opt-Out payment in accordance with the terms of the cafeteria plan, and the Affordable Care Act, if the employee complies with the following conditions:

- 1) The employee certifies that the employee and all individuals in the employee's tax family for whom coverage is waived, have alternative Minimum Essential Coverage as defined by the Patient Protection and Affordable Care Act through a provider other than a federal marketplace, a state exchange, or an individual policy.
- 2) During the City's annual open enrollment period, the employee must complete an annual written attestation confirming that the employee and the other members of the employee's tax family are enrolled in alternative Minimum Essential Coverage. The employee agrees to notify the City no later than 30 days if the employee or other member(s) of the employee's tax family lose coverage under the alternative Minimum Essential Coverage Plan.
- 3) The employee understands that the City is legally required to immediately stop conditional opt-out payments if the City learns that the employee and/or members of the employee's family do not have the alternative Minimal Essential Coverage.

The City reserves the right to modify at any time, the amount an employee is eligible to receive under this paragraph, if required by IRS Cafeteria Plan regulations, other legislation or Federal and/or California agency guidance.

Miscellaneous Allowance for Employees hired on or before January 1, 2009:

The City shall pay to employees hired on or before January 1, 2009 a miscellaneous allowance in an amount equivalent to the difference between the employee's benefit election for coverage under PEMHCA and their flex dollar allowance, if their benefit election under PEMHCA exceeds their flex dollar allowance. The miscellaneous allowance shall be treated as income. An employee may use the miscellaneous allowance to pay for health coverage on a pre-tax basis as defined under the City's Cafeteria plan.

b) Health Insurance for Retirees

i) Elected or Appointed officials placed into office prior to April 1, 2007 and who retire from the Marin County Employees' Retirement Association (MCERA) within 120 days of leaving their City of San Rafael elected position of City Clerk or City Attorney (and who comply with the appropriate retirement provisions under the MCERA laws and regulations) are eligible to continue in the City's group health insurance program and receive the PEMHCA minimum contribution as determined by CalPERS on an annual basis.

Longevity Payments: The City shall make a longevity payment equivalent to the difference between the PEMHCA minimum contribution and the premium cost of coverage for the retiree, the retiree's spouse/registered domestic partner and/or qualified dependent children (as defined by PEMHCA) capped at the contribution the City makes towards the health coverage of an active City Attorney or City Clerk. The City's longevity contribution shall remain in effect during the lifetime of the retired City Attorney and City Clerk and their spouse/registered domestic partner or surviving spouse/registered domestic partner.

As described in this subsection, the City shall reimburse retired elected or appointed officials and their spouses or registered domestic partners the Medicare Part B standard premium amount, as determined by the Centers of Medicare and Medicaid Services (CMS) on an annual basis. To initiate reimbursement, retirees must submit proof of payment of the Medicare Part B premiums to the Human Resources Department. If the Medicare Part B is deducted from social security, the retiree/spouse/domestic partner may submit a copy of the social security check, the Medicare Part B bill, or other relevant documentation. Reimbursements will be processed on a quarterly basis. This reimbursement shall remain in effect for the retired elected or appointed official's life and that of the retired elected or appointed official's spouse/registered domestic partner or surviving spouse/registered domestic partner.

ii) Elected or Appointed officials placed into office on or after April 1, 2007 and who retire from the Marin County Employees Retirement Association (MCERA) within 120 days of leaving their City of San Rafael elected position of City Clerk or City Attorney (and comply with the appropriate retirement provisions under the MCERA laws and regulations) are eligible to continue in the City's group health insurance program. The City's contribution towards the coverage of retirees under this subsection shall be the PEMHCA minimum contribution as determined by CalPERS on an annual basis.

Longevity Payments: The City shall make a longevity payment equivalent to the difference between the PEMHCA minimum contribution and the premium cost of coverage, up to \$600, for the retiree. The City shall not be responsible for making any contributions towards the cost of coverage of the retiree's spouse, registered domestic partner or dependents. The City's longevity contribution shall cease upon the retired City Attorney or City Clerk's death.

iii) Elected or Appointed officials placed into office on or after January 1, 2009

Elected or Appointed officials placed into office on or after January 1, 2009, and who retire from the Marin County Employees Retirement Association (MCERA) within 120 days of leaving their City of San Rafael position (and comply with the appropriate retirement provisions under the MCERS laws and regulations) are eligible to continue in the City's group health insurance program. The City's contribution towards the coverage of retirees under this subsection shall be the PEMHCA minimum contribution as determined by CalPERS on an annual basis.

- c) **Life Insurance.** The City shall provide a basic group life insurance plan in the amount of \$250,000 at no cost to the employee.
- d) **Disability Insurance.** The City shall provide long term disability (LTD) insurance, at no cost to the City Clerk/City Attorney, with a benefit of two-thirds (2/3) of their respective monthly salaries, up to a maximum benefit of \$7500 (reduced by any deductible benefits).
- e) **Dental Insurance.** The City shall make available to all employees an additional flex dollar allowance equal to \$113 per month to purchase dental coverage under the City's dental plan. The City shall pay dental premiums on behalf of the City Clerk/City Attorney and eligible dependents.
- f) **Vision Plan.** The City will contract for and pay for a vision plan for "employee plus dependent" vision benefits.
- g) **Gym Reimbursement.** The City Clerk and City Attorney are eligible to receive up to \$16.50 per month reimbursement for paid gym memberships. Such reimbursement shall be reported as taxable income to the employee.

3) RETIREMENT

- a) **Retirement Plan.** The City shall provide the Marin County Employee Retirement Association 2.7% @ 55 retirement program to the City Clerk and City Attorney, subject to Marin County Employee Retirement Association procedures and regulations and applicable 1937 Act laws. This is based on an employee's single highest year of compensation.

Employees hired on or after July 1, 2011 will receive an MCERA retirement benefit at the formula 2% at 55, calculated based on the average of their three highest years of compensation, in accordance with MCERA regulations. The annual pension adjustment shall be a maximum of 2% COLA. Minimum retirement age is 55.

Employees hired by the City on or after January 1, 2013 who are defined as "new members" of MCERA in accordance with the Public Employees' Pension Reform Act (PEPRA) of 2013, shall be enrolled in the MCERA 2% @ 62 plan for Miscellaneous members. The employee is responsible for paying the employee contribution of half of the total normal cost of the plan, as defined by MCERA, through a payroll deduction. Final compensation will be based upon the highest annual average compensation earnable during the thirty-six (36) consecutive months of employment immediately preceding the effective date of his or her retirement or some other period designated by the retiring employee.

- b) **Employer Paid Member Contribution (EPMC).** The City Clerk and City Attorney are responsible for the full cost of their own employee contribution rate as established by MCERA.

Effective September 1, 2013, in accordance with MCERA and City administrative requirements, the City Attorney and City Clerk will pay an additional contribution of one percent (1%) of

pensionable compensation toward the normal cost of pension provided by the Marin County Employees Retirement Association, in addition to the current employee contribution towards pension as determined by MCERA. The only employees excluded from this payment are long-term City employees with thirty or more years of City service who no longer have to pay any employee contribution to the Marin County Retirement System.

- c) **COLA.** Participating members in the Marin County Employee Retirement Association will pay their full share of members' cost of living rates as allowed under Articles 6 and 6.8 of the 1937 Retirement Act. Miscellaneous and safety member contribution rates include both the basic and COLA portions (currently 50% of the COLA is charged to members as defined in the 1937 Act).
- d) **Management Allowance.** As of September 16, 2015, the Management Allowance of 4.59% was rolled into base pay for the City Clerk and City Attorney.

I, LINDSAY LARA, Clerk of the City of San Rafael, hereby certify that the foregoing resolution was duly and regularly introduced and adopted at a regular meeting of the City Council of said City the 19th day of July 2021 by the following vote, to wit:

AYES: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:

LINDSAY LARA, CITY CLERK