



## Legislation Details (With Text)

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**Title:** City Council consideration of: (1) Resolution No. 2017-117, authorizing unilateral implementation of changes in wages, hours and terms and conditions of employment for employees in the Corona General Employees Association; (2) Resolution No. 2017-118, authorizing unilateral implementation of changes in wages, hours and terms and conditions of employment for employees in the Corona Supervisors Association; (3) Resolution No. 2017-112, amending the compensation and benefits of non-represented management/confidential group employees; (4) Resolution No. 2017-113, amending the compensation and benefits of non-represented executive group employees; (5) Amendments to City Manager and City Attorney/Legal & Risk Management Director Employment Agreements to incorporate reference to the amended compensation and benefits resolution for the executive group; (6) Resolution No. 2017-114, approving the City of Corona Position Library and Compensation Plan.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Resolution No. 2017-117 authorizing unilateral implementation of changes for employees in CGEA (Redline), 2. Resolution No. 2017-117 authorizing unilateral implementation of changes for employees in CGEA (Clean), 3. Resolution No. 2017-118 authorizing unilateral implementation of changes for employees in CSA (Redline), 4. Resolution No. 2017-118 authorizing unilateral implementation of changes for employees in CSA (Clean), 5. Resolution No. 2017-112 amending the compensation and benefits of non-represented management/confidential group employees (Redline), 6. Resolution No. 2017-112 amending the compensation and benefits of non-represented management/confidential group employees (Clean), 7. Resolution No. 2017-113 amending the compensation and benefits of non-represented executive group employees (Redline), 8. Resolution No. 2017-113 amending the compensation and benefits of non-represented executive group employees (Clean), 9. Amendment to the City Manager Employment Agreement (Redline), 10. Amendment to the City Manager Employment Agreement (Clean), 11. Amendment to the City Attorney/Legal & Risk Management Director Employment Agreement (Redline), 12. Amendment to the City Attorney/Legal & Risk Management Director Employment Agreement (Clean), 13. City of Corona Position Library and Compensation Plan (Redline), 14. Resolution No. 2017-114 approving the City of Corona Position Library and Compensation Plan (Clean), 15. EXEC RESO 2017-113 - REDLINE CLARIFICATIONS (11-14-17), 16. PowerPoint Presentation, 17. Amendment to the City Manager Employment Agreement - Executed 11.14.2017, 18. Amendment to the Legal & Risk Management Director Employment Agreement - Executed 11.14.2017

Date	Ver.	Action By	Action	Result
11/14/2017	1	Special Meeting	approved	Pass

### AGENDA REPORT REQUEST FOR CITY COUNCIL ACTION

**DATE:** 11/14/2017

**TO:** Honorable Mayor and City Council Members

FROM: Administrative Services Department

**SUBJECT:**

City Council consideration of: (1) Resolution No. 2017-117, authorizing unilateral implementation of changes in wages, hours and terms and conditions of employment for employees in the Corona General Employees Association; (2) Resolution No. 2017-118, authorizing unilateral implementation of changes in wages, hours and terms and conditions of employment for employees in the Corona Supervisors Association; (3) Resolution No. 2017-112, amending the compensation and benefits of non-represented management/confidential group employees; (4) Resolution No. 2017-113, amending the compensation and benefits of non-represented executive group employees; (5) Amendments to City Manager and City Attorney/Legal & Risk Management Director Employment Agreements to incorporate reference to the amended compensation and benefits resolution for the executive group; (6) Resolution No. 2017-114, approving the City of Corona Position Library and Compensation Plan.

**RECOMMENDED ACTION:**

That the City Council:

1. Adopt Resolution No. 2017-117, authorizing unilateral implementation of changes in wages, hours and terms and conditions of employment for employees in the Corona General Employees Association.
2. Adopt Resolution No. 2017-118, authorizing unilateral implementation of changes in wages, hours and terms and conditions of employment for employees in the Corona Supervisors Association.
3. Adopt Resolution No. 2017-112 (Governing Compensation and Benefits of Non-Represented Management/Confidential Group Employees) to incorporate the changes in wages, hour and terms and conditions of employment implemented for the non-safety employee bargaining groups.
4. Adopt Resolution No. 2017-113 (Governing Compensation and Benefits of Non-Represented Executive Group Employees) to incorporate the changes in wages, hour and terms and conditions of employment implemented for the non-safety employee bargaining groups and to reduce the automobile allowance by 20% to \$480 per month.
5. Approve the attached Second Amendment to the Employment Agreement for Non-Represented Employee (City Manager) between the City and Darrell Talbert to incorporate the terms of the amended Compensation and Benefits Resolution for Executive Group Employees, to reduce the automobile allowance by 20% to \$480 per month and, in exchange for not increasing the base salary of Employee by 2%, to remove the cap on accumulated annual leave provided for in the Compensation and Benefits Resolution for Executive Group Employees, to limit annual leave used to delay the date of retirement upon voluntary resignation to 240 annual leave hours, to eliminate entitlement to certain additional compensation and other benefits while using unused annual leave to delay the date of retirement, to extend the term of the Agreement and to amend the termination without cause provision to allow Employee to elect to receive an annual leave allocation in lieu of a severance payment.
6. Approve the attached Fourth Amendment to the Employment Agreement for Non-Represented Employee (City Attorney/Legal & Risk Management Director) between the City and Dean Derleth to incorporate the terms of the amended Compensation and Benefits Resolution for Executive Group Employees, to reduce the automobile allowance by 20% to \$480 per month, to ratify the employee's voluntary waiver of an increase in

annual leave accrual proposed to go into effect on January 1, 2017, and to eliminate the \$1,000 per month deferred compensation match provided for under the Agreement.

7. Adopt Resolution No. 2017-114 approving the City of Corona Position Library and Compensation Plan and repealing prior Plans, including Resolution 2017-048.

### **ANALYSIS:**

The California Meyers-Millias-Brown-Act (MMBA) requires the City to meet and confer in good faith in all matters relating to employment conditions and employer-employee relations, including, but not limited to wages, hours and other terms and conditions of employment with its bargaining groups. The City has two employee associations which represent non-safety general and supervisory employees. Both the Corona General Employees Association (CGEA) Memorandum of Understanding (MOU) for the general employees and the Corona Supervisors Association (CSA) MOU for supervisory and some management level employees expired June 30, 2016. Pursuant to the MMBA, the City began negotiations with both bargaining groups for amendments and successor MOUs in April of 2016.

The City has a large and growing budget deficit in its General Fund, projected to increase to be over \$6 million in FY 2018-19, and increase to over \$14 million the following fiscal year. With personnel costs accounting for approximately three-fourths of the General Fund expenditures, it became abundantly clear that the City was in concession bargaining mode, and needed to hard bargain on several key points, including significant net cost savings, a cap in medical spending and cash-in-lieu medical difference payments, and a return to the Fair Labor Standards Act (FLSA) definition of overtime. Without significant cost-saving measures, the City anticipates depleting its budget balancing reserve of \$19.4 million in FY 2019-20, and its contingency reserves in FY 2021-22. In other words, the City is projecting to reach insolvency in roughly four years.

### CGEA Negotiations Timeline

The City and CGEA began negotiations for a successor MOU in April of 2016. A total of eleven bargaining sessions were held, including seven formal sessions. The City issued its last, best, and final offer (LBFO) on August 3, 2017. The CGEA presented this offer to the membership and they overwhelmingly voted not to accept the offer. Given the history of these negotiations, and the lack of a positive response to the LBFO, it was evident further negotiations would be futile. The City declared impasse on August 17, 2017. Subsequently, the CGEA initiated the factfinding process authorized under the MMBA. The City and CGEA participated in a factfinding hearing on October 3, 2017. The factfinder recommendation report was issued on or about October 27, 2017 and the City made it available to the public on the City's website on November 2, 2017.

### CSA Negotiations Timeline

The City and CSA began negotiating a successor MOU in April 2016. The City's negotiators reached a tentative agreement with CSA in early August 2016. However, on August 11, 2016 the membership voted down the tentative agreement. The City and CSA resumed negotiations on February 13, 2017 and held approximately five additional bargaining sessions. On July 25, 2017, the City issued its LBFO to CSA. Unfortunately, it was apparent that further negotiations were unlikely to result in an agreement considering the respective bargaining positions were drastically apart. The City declared impasse on August 30, 2017. Subsequently, the CSA initiated the factfinding process authorized under the MMBA. The City and CSA participated in the factfinding hearing on October 16, 2017. The

factfinder recommendation report was issued on or about October 31, 2017 and the City made it available to the public on the City's website on November 2, 2017.

### LBFO Summary

Pursuant to Government Code 3505.7, after any applicable mediation and factfinding procedures have been exhausted, but not earlier than 10 days after the factfinders' written finding of fact and recommended terms of settlement have been submitted to the parties, a public agency that is not required to proceed to interest arbitration may, after holding a public hearing regarding the impasse, implement its last, best, and final offer, but shall not implement a memorandum of understanding.

The LBFO for both CGEA and CSA include the following substantial cost savings reductions:

1. Compensatory Time - Effective November 14, 2017 members may no longer elect, to receive compensatory time off in lieu of overtime payment.
2. Overtime - Effective the first full payroll period following November 14, 2017 overtime compensation will be only for time worked in accordance with the standards and rules mandated by the Fair Labor Standards Act
3. Medical Allowance - Effective January 1, 2018, the City's maximum contribution toward medical coverage will be \$1,563.37 per month for employee plus two or more dependents coverage, \$1,202.83 per month for employee plus one dependent coverage, and \$601.42 per month for employee only coverage.
4. Tier II Medical Difference - Effective January 1, 2018, the City's maximum Medical Difference will be \$950 per month for employee plus two or more dependent coverage, \$700 per month for employee plus one dependent coverage, and \$350 per month for employee only coverage.
5. Medical Opt-out - Effective January 1, 2018, the City's maximum benefit will be \$1000 per month for employee plus two or more dependent coverage, \$750 per month for employee plus one dependent coverage, and \$450 per month for employee only coverage.
6. New Tier IV - Effective November 14, 2017, new hires will not be eligible for the deferred compensation yearly match and quarterly benefits and the quarterly contribution to the Retirement Health Savings Account. Additionally, effective November 14, 2017 the medical allowance for this new tier employee will be \$946.92 per month for employee plus two or more dependent coverage, \$946.92 per month for employee plus one dependent coverage, and \$473.46 per month for employee only coverage.
7. Flex Spending Allowance - No flexible benefit allowance will be provided to employees hired on after November 14, 2017 and effective January 1, 2018 the flexible benefit allowance will be eliminated for all employees. Flexible benefit allowances provided to employees hired before November 14, 2017 shall continue to be honored through December 31, 2017.
8. Certification Pay - Effective the first full pay period following November 14, 2017, certification pay is converted from a percentage to a flat dollar amount based on unit average.
9. Assignment Pay - Effective the first full pay period following November 14, 2017, assignment pay is converted from a percentage to a flat dollar amount based on unit average.
10. Spanish Pay - Retitle to Bilingual Pay and effective the first full pay period following November 14, 2017, convert the percentage based pay to a flat dollar amount based on unit average.

11. Tuition Reimbursement - Education Plans approved on or after November 14, 2017 will be subject to a maximum amount of \$2,500 per employee per fiscal year and a lifetime maximum amount of \$10,000 per employee.
12. Annual Leave Buy Back - Effective November 14, 2017, annual leave buy back will not include bilingual pay, assignment pay, certification pay, or standby pay.
13. Cost of Living Adjustment - Effective the first full pay period following November 14, 2017, the base rate for unit members will be increased by approximately two percent (2%) by moving each employee's base pay four steps on the City's salary grid.

Amendments to the Compensation & Benefits Resolutions for the unrepresented groups (M/C and Executive Group Employees)

The attached Resolution No. 2017-112 and Resolution No. 2017-113 would update the M/C Group and the Executive Group compensation and benefits resolutions to incorporate the terms and conditions established by the City's LBFO issued to the non-safety bargaining units (see LBFO summary above), except that a Tier V will be added to the Executive Group resolution because a Tier IV already exists in the Executive Group. Additionally, Resolution No. 2017-113 will reduce the automobile allowance authorized for Executive Group employees by 20% to \$480 per month.

Second Amendment to the City Manager Employment Agreement & Fourth Amendment to the City Attorney Employment Agreement

In connection with the above revisions to CGEA and CSA MOUs and the compensation and benefit resolutions for the Executive Group employees, an amendment to the City Manager and City Attorney/Legal & Risk Management Director Employment Agreements are being presented to incorporate the revisions to the compensation and benefits that are included in Resolution No. 2017-113. In order to avoid automatic adjustments, the compensation and benefits that are provided to the City Manager and City Attorney/Legal & Risk Management Director in their Employment Agreements are tied to the version of the Executive Group Employee Resolution that was in effect when the Employment Agreements were approved or amended by the City Council. Therefore, it is necessary to update the reference in the Employment Agreements to the version of the Executive Group Employee Resolution that is presented for approval as part of this agenda item (i.e., Resolution No. 2017-113) so that the benefit changes, including the cost savings provisions, apply to the City Manager and City Attorney/Legal & Risk Management Director.

In addition to the changes included in the Executive Group Employee Resolution, the proposed amendment to the City Manager Employment Agreement would also: (1) remove the cap on accumulated annual leave provided for in the Executive Group Employee Resolution; (2) amend the termination without cause provision to allow Employee to elect at any time prior to November 13, 2020 to receive an annual leave allocation of 1,600 hours to be used in accordance with the Executive Group Employee Resolution in lieu of a severance payment; (3) limit annual leave hours used to delay the date of retirement to two hundred and forty (240) hours if employee is voluntarily leaving employment and retiring; (4) eliminate allowance, bilingual pay, working out of class pay, annual leave hours accruals, executive leave hours accruals, deferred compensation match, quarterly contribution to the deferred compensation plan, and the Retirement Health Savings Account contributions while using unused annual leave to delay the date of retirement; and (5) to extend the term of the Agreement from a rolling twelve month period to a rolling twenty-four month period, in part to underscore the City Council's support of the City Manager and to ensure that the value of the potential annual leave allocation in lieu of a severance payment complies with Government Code 53260.

In addition to the changes included in the Executive Group Employee Resolution, the proposed amendment to the City Attorney/Legal & Risk Management Director Employment would: (1) eliminate the January 1, 2017 increase in annual leave accrual that was authorized under the Agreement; and (2) eliminate the \$1,000 per month deferred compensation match authorized under the Agreement. In June 2016, the City Attorney voluntarily waived the annual leave accrual increase, which was authorized under the Employment Agreement to go into effect on January 1, 2017. At the same time, the City Attorney/Legal & Risk Management Director also voluntarily reduced the deferred compensation match authorized under the Employment Agreement by 20% to \$800 per month. If the proposed amendment to the City Attorney/Legal & Risk Management Director Employment Agreement is approved, the annual leave accrual and the deferred compensation match amount for the City Attorney/Legal & Risk Management Director will simply be as authorized by the Executive Group Employee Resolution.

#### Position Library and Compensation Plan

State regulations for public employers require disclosure of position classifications and corresponding compensation. In an effort to ensure compliance, and for even greater transparency, the City Council has previously adopted and updated the Position Library and Compensation Plan, a document which includes a list of all authorized employment positions for the City and their corresponding compensation ranges ("Plan").

The Plan provides added organizational efficiency and permits departments to continue streamlining operations without impacting services levels. Additionally, it allows members of the public to see what any given position, even those not currently filled, would be paid. To this end, it is important to note that this document is strictly a resource document of available employment positions, as the positions listed will not necessarily be budgeted or funded in any given fiscal year. A current list of full time budgeted positions can be located on the City's website.

The revision to the Plan is highlighted and is listed on the last page of the attached redline version. A footnote is being added indicating that employees who are eligible for benefits on or after November 14, 2017 from the CGEA MOU, the CSA MOU, the Management/Confidential Employee Group Resolution or the Executive Group Employee Resolution shall be entitled to a Max Step which is four (4) steps higher than noted in the Position Library and Compensation Plan.

#### **COMMITTEE ACTION:**

Not applicable.

#### **STRATEGIC PLAN:**

Not applicable.

#### **FISCAL IMPACT:**

The implementation of the LBFO, resolution changes, and contract amendments have an estimated savings shown in the following table, over a two-year period. The LBFO figures for CGEA and CSA have been updated since the factfinding hearings to incorporate employees' health plan elections made for 2018. The estimated savings were calculated using the most recent data from the PERS actuarial report (June 30, 2016), projected 6% growth in future health premiums, and employee

health plan elections made for calendar year 2018.

**TWO YEAR ESTIMATED SAVINGS FROM LBFO:**

GROUP	GENERAL FUND	DWP FUNDS	OTHER FUNDS	TOTAL
Corona General Employees Assoc. (CGEA)	(\$1,708,656)	(\$1,073,055)	(\$350,938)	(\$3,132,649)
Corona Supervisors Assoc. (CSA)	(\$269,879)	(\$147,270)	(\$59,095)	(\$476,244)
Management/ Confidential Employees	(\$456,390)	(\$60,145)	\$45	(\$516,490)
Executive Group	(\$1,050)	(\$9,230)	(\$4,405)	(\$14,685)
City Attorney/ Legal & Risk Management Director Contract Amendment	(\$11,840)	\$0	\$0	(\$11,840)
City Manager Contract Amendment	(\$9,100)	\$0	\$0	(\$9,100)
<b>TOTALS</b>	<b>(\$2,456,915)</b>	<b>(\$1,289,700)</b>	<b>(\$414,393)</b>	<b>(\$4,161,008)</b>

The recurring savings from the amendment to the City Manager's contract are shown above. In addition, under Section 3.25, there is a potential estimated cost of \$137,000 if the annual leave allocation is implemented, but there is also an estimated savings of \$64,000 to \$66,000 attributable to the Section 3.5, concessions above the Executive Group Resolution.

**ENVIRONMENTAL ANALYSIS:**

Environmental review is not required. The proposed actions are not a project under the California Environmental Quality Act.

**PREPARED BY:** EDELIA EVELAND, HUMAN RESOURCES MANAGER

**REVIEWED BY:** DEAN DERLETH, CITY ATTORNEY/LEGAL & RISK MANAGEMENT DIRECTOR

**REVIEWED BY:** KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

**SUBMITTED BY:** DARRELL TALBERT, CITY MANAGER

Attachments:

1. Resolution No. 2017-117, authorizing unilateral implementation of changes for employees in CGEA (Redline)
2. Resolution No. 2017-117, authorizing unilateral implementation of changes for employees in CGEA (Clean)
3. Resolution No. 2017-118, authorizing unilateral implementation of changes for employees in

CSA (Redline)

4. Resolution No. 2017-118, authorizing unilateral implementation of changes for employees in CSA (Clean)
5. Resolution No. 2017-112, amending the compensation and benefits of non-represented management/confidential group employees (Redline)
6. Resolution No. 2017-112, amending the compensation and benefits of non-represented management/confidential group employees (Clean)
7. Resolution No. 2017-113, amending the compensation and benefits of non-represented executive group employees (Redline)
8. Resolution No. 2017-113, amending the compensation and benefits of non-represented executive group employees (Clean)
9. Amendment to the City Manager Employment Agreement (Redline)
10. Amendment to the City Manager Employment Agreement (Clean)
11. Amendment to the City Attorney/Legal & Risk Management Director Employment Agreement (Redline)
12. Amendment to the City Attorney/Legal & Risk Management Director Employment Agreement (Clean)
13. City of Corona Position Library and Compensation Plan (Redline)
14. Resolution No. 2017-114, approving the City of Corona Position Library and Compensation Plan (Clean)