





Staff Report

City of Manhattan Beach

TO: Honorable Mayor Ward and Members of the City Council

THROUGH: Richard Thompson, Interim City Manager 

FROM: Bruce Moe, Acting Human Resources Director/Finance Director 

DATE: September 7, 2010

SUBJECT: Consideration of Modifications to the City's Rules and Regulations and the Teamsters Memorandum of Understanding as Follows:

- a. Modification of the City's Rules and Regulations Clarifying Eligibility and Employee Contributions for Part Time Employees;
- b. Update of the Rules and Regulations Definition of Temporary Employees;
- c. Temporary Suspension of the Rules and Regulations Requirement Providing Management/Confidential Employees with a Medical Insurance Cafeteria Contribution Equal to the PERS Choice Medical Premium for Fiscal Year 2010-2011;
- d. Authorize the City Manager to Negotiate and Execute a Side Letter Agreement to the Teamsters Memorandum of Understanding Expanding the Use of an Alternative Work Schedule (9/80) for Police Department Secretarial Staff

RECOMMENDATION:

Staff recommends that City Council adopt Resolution No. 6272, which amends the Personnel Rules and Regulations to: a) clarify eligibility and employee contributions for CalPERS membership for part-time employees; b) update the definition of a temporary employee; and c) temporarily suspend the requirement providing Management/Confidential employees (including elected officials) with a medical insurance cafeteria contribution equal to the PERS Choice medical premium. Staff also recommends that the City Council authorize the City Manager to negotiate and execute a side letter agreement to the Teamsters Memorandum of Understanding (MOU) which would expand the use of the current alternative work schedule (9/80) for three secretarial positions within the Police Department.

FISCAL IMPLICATIONS:

The cost of providing CalPERS retirements for eligible part time employees (as required under State law) has been included in the FY 2010-2011 budget, and is estimated to add a net increase

of \$30,000 per year for the Employer portion only. Part time employees that are now eligible for CalPERS membership by virtue of the number of hours worked are required to pickup the Employee portion of the contribution, which equates to seven percent of salary.

The FY 2010-2011 budget did not include funding for any increase in the Management/Confidential (and elected officials) medical premiums for 2011, consistent with Council's directive of no increases in management compensation for FY 2010-2011. Therefore, there is no fiscal implication associated with the temporary suspension of the Rules & Regulations requirement to provide this group of employees with an increase in medical premiums. The medical cafeteria allowance will remain at the level in place at the end of FY 2009-2010.

There is no fiscal implication associated with the expansion of the alternative work schedule for the Police secretarial employees.

DISCUSSION:

Part-time Employees

By State law, the City is required to enroll part time employees into CalPERS who exceed 1,000 hours in a fiscal year (FY). While the vast majority of part time workers fall below that threshold, there are several part time employees that exceed the 1,000 hours in a fiscal year due to the nature of their duties and the City's reliance on their skills. Because federal law requires that some form of retirement program (social security or other benefit) be provided, we have typically enrolled these part time positions into the City's alternative retirement system known as PARS (Public Agency Retirement System)¹. We will continue to enroll part time employees working less than 1,000 hours per fiscal year into PARS, but will now enroll employees working 1,000 hours or more CalPERS as required by state law.

The following summarizes the contributions that are made by part time employees and the City under the revised Rules and Regulations which reflect State law:

Part Time Employee Retirement Contribution Schedule

<u>Position Status</u>	<u>No. of Hours</u>	<u>Program</u>	<u>Contributions</u>	
			<u>Employee</u>	<u>Employer</u>
Part Time with Full Time Equivalent	<1,000 per fiscal year	CalPERS	0.000%	14.343%
Part Time with Full Time Equivalent	>1,000 per fiscal year	CalPERS	0.000%	14.343%
Part Time without Full Time Equivalent	<1,000 per fiscal year	PARS	3.750%	3.750%
Part Time without Full Time Equivalent	>1,000 per fiscal year	CalPERS	7.000%	7.343%

¹ State law requires us to enroll any part time employees into CalPERS who are working in a classification that has a corresponding full time equivalent position. Further, if the City picks up the employee portion of the CalPERS contribution for the full time employee in that classification, then we must pick up the employee contribution for the equivalent part time position.

Part time employees who have exceeded 1,000 hours are being enrolled in CalPERS as of August 14, 2010.

Temporary Employees

The current Personnel Rules specify that temporary employees may not exceed eighteen (18) months in a position. Staff recommends that Council approve an amendment to this requirement that temporary employees are not to exceed 1,000 working hours in any fiscal year. CalPERS states that the City should enroll temporary employees who exceed 1,000 working hours into CalPERS. Limiting hours to 1,000 will preclude the necessity to enroll the person into CalPERS and help contain costs.

Management/Confidential Medical Cafeteria Plan

Section Five (5) of the City's Rules & Regulations outline the amount of insurance each Management/Confidential employee is entitled to receive (this also applies to the City's elected officials). The relevant portion of Section 5 reads as follows:

“Effective December 1, 2008, employees with employee only coverage shall receive a cafeteria contribution that covers the PERS Choice single premium. Those enrolled in coverage for employee plus one dependent shall receive a contribution to cover the PERS Choice 2-party premium. And employees enrolled in coverage for employee plus 2 or more dependents shall receive a contribution to cover the PERS Choice family premium. As of July 9, 2005, those employees receiving the family contribution but enrolled in the PERS 2-party plan will be grandfathered in until they separate from City service or choose to enroll in another level of medical insurance coverage.”

In summary, the Rules & Regulations state that management employees are to be provided cafeteria payments commensurate with their applicable PERS Choice plan. However, consistent with the Council's directive of no increase in management compensation for FY 2010-2011, no funds were budgeted for either salary or benefit adjustments. PERS Choice rates, which were just recently released by CalPERS for calendar year 2011, are scheduled to increase by 9.67% on December 1, 2010. Based on our existing Management/Confidential employee population, the FY 2010-2011 budget impact would have been \$35,213 in additional costs (premiums increase December 1 of each year, resulting in higher costs for seven months of the fiscal year - the increase on an annualized basis is \$60,366).

The Management/Confidential group is unrepresented and is not part of any bargaining unit. Adjustments to salaries and benefits are authorized by the City Council typically through the annual budget process. Because the City will be entering into negotiations with the bargaining units representing the balance of the employees (non management/confidential), staff believes it is appropriate to discuss any adjustment to the Management/Confidential group benefits, including the medical cafeteria plan, in the context of the other bargaining units. As a result, staff is recommending a temporary suspension of the rule requiring the medical cafeteria allowance to be tied to the premiums for the PERS Choice medical plan.

If the City Council agrees with this approach, adoption of Resolution No. 6272, which includes the other modifications to the Rules and Regulations listed above, will temporarily suspend for FY 2010-2011 the portion of Section 5 of the Rules and Regulations that provides Management/Confidential employees, including elected officials, with an adjustment in the cafeteria plan, and the allowance will remain at FY 2009-2010 levels. If the future discussions yield a permanent change to the Rules and Regulations, or Council wishes to further extend the suspension, an additional resolution will be necessary.

Alternative Work Schedule

The City provides alternative work schedules for a number of employees through the collective bargaining process as reflected in the bargaining units' Memorandum of Understanding (MOU). Alternative work schedules are available in the form of a 4-10 work week (four-ten hour days in lieu of five-eight hour days) for sworn Police, Police Services Officers (jailors) and Police Records personnel and certain Fire Department employees. The Teamsters MOU also provides for a 9-80 schedule (nine work days totaling eighty hours over a two week period, with one day off every other week) for Community Services staff in the Police Department.

Because the entire Police Department has an alternative work schedule (either 4-10's or 9-80's) the Police Chief has requested that the remaining employees (three secretarial employees in the Teamsters group) be provided the 9-80 work schedule for operational efficiency and coordination of work hours with the remainder of the department. In order to accomplish this, City management must meet and confer with the Teamsters group, and, if they agree, execute a side letter agreement to the MOU formalizing the terms. Therefore, staff recommends that the City Council authorize the City Manager to meet and confer with the Teamsters group, and if appropriate, execute a side letter agreement providing the 9-80 to those three secretarial employees in the Police Department.

Attachments: Resolution No. 6272
Revised Personnel Rules

RESOLUTION 6272

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, AMENDING THE CITY'S PERSONNEL RULES AND REGULATIONS BY AMENDING RULE I PURPOSE AND DEFINITIONS – TEMPORARY EMPLOYEE, RULE XII EXPENSES, ALLOWANCES AND OTHER FRINGE BENEFITS – PART-TIME RETIREMENT, AND TEMPORARILY SUSPENDING A PORTION OF RULE XII SECTION 5 - INSURANCE BENEFITS PROGRAM FOR MANAGEMENT/CONFIDENTIAL EMPLOYEES FOR FY 2010-2011.

THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The City Council hereby finds as follows:

- (a) The City maintains personnel rules to govern the City's relations with its employees;
- (b) It is in the best interest of health, safety and welfare of the city's residents that the personnel rules reflect current practice and policy.

SECTION 2. The City's Rules and Regulations as originally adopted by Resolution 3590, and amended by subsequent Resolutions, is hereby further amended to add the following to the "Temporary Employee" definition to Rule I – Purpose and Definitions: "not to exceed 1,000 working hours."

SECTION 3. The City's Rules and Regulations – Rule XII – Expenses, Allowances and Other Fringe Benefits - Section 6 is hereby further amended to comply with a recent CalPERS audit to provide CalPERS Retirement for identified part-time positions that exceed 1,000 working hours in a Fiscal Year, by adding Section H – Part Time Employees.

SECTION 4. The City Council hereby temporarily suspends for the duration of FY 2010-2011 the portion of Rule XII, Section 5 – Insurance Benefits for Management/Confidential - which provides an increase in the Management/Confidential and elected officials' cafeteria allowance commensurate with the PERS Choice medical premium. During said suspension, cafeteria allowances shall remain at the rates in effect as of the end of FY 2009-2010 (June 30, 2010). The temporary suspension will terminate on June 30, 2011 unless extended by the City Council, or through a modification of the Personnel Rules by Council Resolution.

SECTION 5. Amended Rules I and XII are attached hereto as Exhibit A and hereby ratified by this Resolution.

SECTION 6. Each and every provision of Resolution 3590 and its subsequent amendments which are not superseded by or inconsistent with the forgoing shall remain in full force and effect.

SECTION 7. The City Clerk shall make this Resolution reasonably available for public inspection within thirty (30) days of the date this Resolution is adopted.

SECTION 8. The City Clerk shall certify to the adoption of this Resolution and thenceforth and thereafter the same shall be in full force and effect.

PASSED, APPROVED and ADOPTED this 7th day of September, 2010.

Ayes:
Noes:
Absent:
Abstain:

Mayor, City of Manhattan Beach, California

ATTEST:

City Clerk

APPROVED AS TO FORM:

By 

City Attorney

RULE I

PURPOSE AND DEFINITIONS

RULE I-B. DEFINITION OF TERMS.

"Temporary Employee". An employee who shall have been appointed to a position not in the classified service for a period of time not to exceed eighteen (18) months nor exceed 1,000 working hours per fiscal year. (Amended Resolution 3675).

RULE XII

EXPENSES, ALLOWANCES AND OTHER FRINGE BENEFITS

SECTION 6. Retirement.

H. Part-time Employees. Generally, part-time positions will be scheduled to not exceed 1,000 working hours per Fiscal Year. These positions will be enrolled in the PARS Retirement System. The Finance Department will provide the applicable Department Head with a report of part-time hours on a monthly basis. It's the responsibility of the Department Head to monitor these hours.

There may be circumstances where a particular part-time position may be needed for more than 1,000 hours per Fiscal Year. In that case, the Department Head shall notify Human Resources and Payroll that the position will go over 1,000 hours in a Fiscal Year, and that individual will be enrolled in CalPERS upon reaching the 1,000 hours. The part time employee is responsible for payment of the Employee portion of the CalPERS contribution unless otherwise provided for in State law or CalPERS rules.

Individuals working in part-time positions that have an equivalent full-time position are eligible for enrollment in CalPERS upon hire. Contributions to CalPERS for part time employees in this group shall be made consistent with contributions for the full time equivalent position (e.g., if the full time equivalent position's Employee portion of CalPERS is paid by the City, then the part time employee in the same position shall also be entitled to the contribution on his/her behalf). If the full time equivalent of the part time position is not in a bargaining unit/labor group, then the part time employee's portion of the contribution to PERS shall be consistent with that of the unrepresented equivalent full time employee.

