



AGENDA REPORT

Meeting Date: January 13, 2015

Item Number: F-1A

To: Honorable Mayor & City Council

From: Jeffrey Kolin, City Manager

Subject: RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS APPROVING AN AMENDED AND RESTATED EXECUTIVE EMPLOYEE COMPENSATION PLAN FOR DEPARTMENT DIRECTORS, ASSISTANT DEPARTMENT DIRECTORS AND SENIOR MANAGEMENT EMPLOYEES

Attachment:

1. Amended and Restated Compensation Plan
2. Redline Copy of Plan
3. Resolution

RECOMMENDATION

Staff recommends the City Council consider the resolution entitled: "RESOLUTION OF THE COUNCIL OF THE CITY OF BEVERLY HILLS APPROVING AN AMENDED AND RESTATED EXECUTIVE EMPLOYEE COMPENSATION PLAN FOR DEPARTMENT DIRECTORS, ASSISTANT DEPARTMENT DIRECTORS AND SENIOR MANAGEMENT EMPLOYEES."

INTRODUCTION

The Amended and Restated Executive Employee Compensation Plan ("Compensation Plan" or "Plan") covers Department Directors, Assistant Department Directors and Senior Management level employees. Compensation and benefits for these employees are established in the Plan, as approved by the City Council.

DISCUSSION

This restated Compensation Plan incorporates three amendments the City Council has approved since 2013 for Executive Fire retiree medical coverage,

pay tier adjustments for two classifications and the reorganization of the Public Works and Transportation and Public Work Services Departments. Key new elements of the compensation plan amendments are:

(1) A 2% salary increase as a cost of living adjustment ("COLA") in February, 2015 and a 1% COLA in February, 2016 for a total cost of living salary increase of 3% over two years.

(2) A shift of PERS retirement benefit costs from the City to the executive employees in the amount of 8% of salary for non safety employees and 9% of salary for safety employees. (The difference is attributable to the different member contribution rates for safety and non safety employees). As a result of this change, the City will no longer pay to PERS the employees' share of PERS retirement costs. Veteran employees will now pay the full portion of the member contribution and newer employees will pay the full portion of their member contribution and a portion of the City's contribution to the PERS retirement costs.¹

(3) An 8% salary increase for non-safety employees and 9% salary increase to safety employees to offset the retirement costs being shifted from the City to the employee described in paragraph (2). This change in combination with the COLA increase described above will result in a total salary increase of 11% for non-safety executive employees and 12% for safety executive employees.

(4) A revised salary schedule, designated as Appendix A to the Plan, is adopted to include the salary increases described above. In addition, the classification of Assistant Chief Information Officer is changed from tier 4 to tier 5 on the recommendation of the City's consultant, Michael Davis of the Davis Company. Tier 11 is adjusted an additional 5% so that the upper range is not exceeded by the salary change outlined above.

(5) The Cafeteria plan benefit is modified from PERSCare family medical plus enhanced family dental and vision to a total monthly benefit cap of \$2,100.00, effective January 1, 2016. This change will cap the City's exposure to increased medical insurance costs.

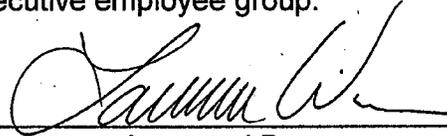
(6) Since employees will pay their 8% (miscellaneous) or 9% (safety) employee contribution to the Public Employees' Retirement System (PERS), effective on the same date as the initial salary increase, there will no longer be any employer paid member contributions (EPMC). This will also result in the elimination of the PERS-on-PERS benefit since employees will be paying their own member contributions. Elimination of PERS-on-PERS benefit is accomplished in a resolution that is being presented separately to the Council.

¹ If the employee contribution for PEPR new employees is set by PERS at less than 8% or 9%, as applicable, the difference to bring the employee to an 8% or 9% contribution will be applied to the employer contribution.

(7) The Assistant City Clerk has been added to the Senior Management group.

FISCAL IMPACT

The changes to the Compensation Plan will result in a two-year net increase in compensation related costs to the City of \$138,719.56, which is a 1.17% increase in salary and PERS costs for the executive employee group.



for Approved By
Jeffrey Kolin, City Manager