

**City of Piedmont
COUNCIL AGENDA REPORT**

DATE: March 21, 2005

FROM: Geoff Grote, City Administrator
Mark Bichsel, Finance Director

SUBJECT: Approval of Salary and Benefit Resolutions for Management and Mid Management Employees

RECOMMENDATION

Implement the policy regarding management compensation as expressed in Resolution 25-04, passed in May of 2004, by approving salary increases based upon 2% below median of comparable cities effective January 1, 2005; approve a cost of living increase effective January 1, 2006; and require cost sharing for medical premium increases for the City Clerk, Finance Director, Fire Chief, Public Works Director, Recreation Director, Building Official, City Planner and Parks and Project Manager. The Interim Police Chief will receive a 6% salary increase effective January 1, 2005 and will pay cost sharing for medical premiums effective January 1, 2005. In all other respects, the existing salary and benefits resolutions shall be the same for each of the above mentioned positions.

BACKGROUND

Management employees last received a salary increase effective November 1, 2002. In November 2003, negotiations began regarding new salary and benefits and continued until spring 2004 when the council asked the six managers (management employees) to agree to a one-year freeze of salary. Councilmember Wieler prepared a policy statement which set the beginning of the next salary period for management employees as January 1, 2005 (14 months after the expiration of their last salary and benefit resolution). Council adopted this policy in May 2004 (copy attached).

Mid-management employees (Building Official, City Planner and Parks & Projects Manager) received an increase in December 2004 but in all other respects were tied to the same new policy.

Given the sound financial position of the city, the performance of management and mid-management employees during a difficult year, and in compliance with the council adopted policy regarding management compensation, the following is recommended:

1. Effective January 1, 2005, managers and mid-managers are to receive a salary increase which will bring each of them to 2% below the median when compared to positions within the cities surveyed.
2. Effective January 1, 2006, managers and mid-managers are to receive a cost of living increase based on Consumer Price Index of the Bay Area with a minimum of 2% and a maximum of 5% (the same provision as all other bargaining groups).
3. Effective January 1, 2005, the current salary of the Interim Police Chief will be increased by 6%. The City will conduct a recruitment for a new police chief and council will need to establish a new salary for the successful candidate based upon experience and qualifications.
4. Effective January 1, 2005 and January 1, 2006, health insurance premium increases will be at a shared cost between the city and management/mid management employees. The annual increase in the cost of premiums shall be borne equally between the employee and the city (50/50) on a per-party basis, using the Kaiser rate. The employee will be responsible for any additional increase, above the Kaiser split, if they elect to enroll in any other health plan offered through CalPERS. When agreements are negotiated with other city bargaining units in 2007, the medical insurance premium will be set at the same rate as all other units.

The recent compensation and benefit study which was conducted shows that only one other city in our comparator group requires medical premium cost sharing (although several have cafeteria plans which may not cover all expenses for some employees). However, as in May 2004, the council is again asking the management/mid management employees to take the lead and begin this cost reduction in Piedmont. This will mean that Piedmont's management/mid management employees will be the only city employees to pay this cost.

The recommendations above set salaries for management/mid management employees in the same manner as all other bargaining units of the city and sets second year compensation in accordance with the cost of living provisions of the city's contracts for police, fire, maintenance and clerical employees.

In January, 2005 thirteen (13) cities were surveyed regarding management/mid-management positions (see page 4 for cities surveyed) with the following results: (please note that due to difficulties in comparing the Parks and Projects Manager position and the City Planner position to positions in other cities, the benchmark established for comparing these positions was the Building Official position).

Position	Current Annual Salary	% below median	Salary at 2% below median
City Clerk/MIS Director	\$90,036	16.15%	\$102,488
Finance Director	\$115,032	13.46%	\$127,893
Fire Chief	\$127,248	19.20%	\$148,638
Public Works Director	\$116,976	10.69%	\$126,884
Recreation Director	\$97,068	15.12%	\$109,512
Building Official	\$98,772	7.25%	\$103,809

Position	Current Annual Salary	Salary with 6% increase
Police Chief	\$132,264	\$140,200

Enclosures: Cities surveyed
 City Council Resolution regarding Statement of Principles:
 Management Compensation

ADDENDUM: Salary Survey

Based upon Resolution # 45-02, which was passed on May 6, 2002, the salaries are surveyed for the following cities: (Survey prepared January, 2005)

- Alameda
- Benicia
- Brentwood
- Corte Madera
- Emeryville
- Foster City
- Hillsborough
- Livermore
- Mill Valley
- Mountain View
- Pleasant Hill
- San Rafael
- Sausalito