



City of La Quinta

CITY / SA/ HA/ FA MEETING DATE: July 1, 2014

AGENDA CATEGORY:

ITEM TITLE: ADOPT RESOLUTION TO APPROVE SALARY AND BENEFIT ADJUSTMENTS FOR MANAGEMENT, CONTRACT MANAGEMENT AND CONFIDENTIAL EMPLOYEES FOR FISCAL YEAR 2014/2015 AND APPROPRIATE \$30,000 FROM THE UNASSIGNED GENERAL FUND BALANCE

BUSINESS SESSION:

CONSENT CALENDAR: 10

STUDY SESSION:

PUBLIC HEARING:

RECOMMENDED ACTION:

Adopt a Resolution approving salary and benefit adjustments for Management, Contract Management and Confidential Employees for Fiscal Year 2014/2015 and appropriate funds in the amount of \$30,000 from the unassigned General Fund balance.

EXECUTIVE SUMMARY:

- The La Quinta City Employees' Association (LQCEA) has accepted a new Memorandum of Understanding (MOU) for Fiscal Year 2014/2015.
- The MOU contains a Pay for Performance Classification and Compensation System, a one time lump sum recognition payment and other benefits that affect the Management, Contract Management and Confidential Employees who are not represented by the LQCEA.
- A resolution adopting similar negotiated benefits for the Management, Contract Management and Confidential Employees is needed to accomplish this task.

FISCAL IMPACT:

The cost to implement the salary adjustments and one-time recognition payments is approximately \$40,000. The Fiscal Year 2014/14 Central Services budget contains \$120,000 to implement the Pay for Performance Classification and Compensation System of which \$10,000 remains after allocation to the LQCEA. An additional \$30,000 is needed from the unassigned General Fund balance to cover the remainder.

BACKGROUND/ANALYSIS:

Past practice has afforded the Management, Contract Management and Confidential employees the same salary and benefit adjustments as provided to the employees represented by the LQCEA. A summary of the most significant negotiated benefits are outlined below:

Term	1 year term, beginning July 1, 2014 and ending June 30, 2015
Salary	New Classification and Compensation System tied to a Pay for Performance compensation model adjusting salaries where appropriate to align with the new Salary Schedule; a one-time lump sum recognition payment of \$1,500* for all members hired prior to January 1, 2014 (not added to base salary and does not require a City or employee PERS retirement contribution)

(*Note: Positions excluded from the one-time lump sum recognition payment are City Clerk, City Manager, Community Development Director, Community Services Director, Finance Director and Public Works Director.)

Pay for Performance	New Performance Evaluation model applied to all employees and to be implemented in accordance with the Implementation Schedule set forth in the MOU
Medical, Dental, Vision & Life Insurance Coverage	Existing medical cap remains at \$1,312 per month; no medical reopener during term of MOU
Educational Incentive Program	Total budget increased to \$25,000 with a maximum of \$2,500 per employee per fiscal year
Holidays	Add 4 hours of paid holiday leave for Christmas Eve and New Year's Eve when those days fall on a weekday. The additional holiday hours do not apply to either day when they fall on the weekend
CalPERS Retirement	Employee continues to pay employee's full share, to a maximum of 8% of annual salary; the existing funding formula upon retirement remains: 2% of an employee's salary for each year of service at age 60 for employees who are existing CalPERS members and 2% of an employee's salary for each year of service at age 62 for employees who join CalPERS

Personnel Policy Additions & Amendments	To be reviewed and approved prior to finalization (as outlined in the Association's MOU)
---	--

The Pay for Performance compensation model has traditionally been reserved for the private sector, while many public sector employers continue to utilize a “step and grade” method of compensation, which rewards employees for longevity rather than performance. The Pay for Performance model is predicated on the belief that employees should be compensated based on their performance, and those employees whose performance exceeds the expectations of the organization are duly rewarded for their efforts. The Performance Evaluation model used in a Pay for Performance model is crafted such that distinctions between a “successful” employee and an “exceptional” employee are identifiable and measurable. Employers are able to reward employees for exhibiting the behaviors that are valued by and important to their organization, thus creating an environment of greater innovation, creativity and job satisfaction.

ALTERNATIVES:

Council's past practice has been to grant the same salary and benefit changes to the unrepresented employees as those adopted for the La Quinta City Employees' Association. Accordingly, staff does not recommend any alternatives.

Report prepared by: Terry Deeringer, Human Resources/Risk Manager
 Report approved for submission by: Frank J. Spevacek, City Manager

RESOLUTION NO. 2014-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA QUINTA, CALIFORNIA, APPROVING SALARY AND BENEFIT ADJUSTMENTS FOR NON-REPRESENTED MANAGEMENT, CONTRACT MANAGEMENT AND CONFIDENTIAL EMPLOYEES, COMMENCING ON JULY 1, 2014, AND TERMINATING JUNE 30, 2015

WHEREAS, the City of La Quinta, hereinafter referred to as "City" desires to make salary and benefit adjustments for non-represented management, contract management and confidential employees commencing on July 1, 2014 and terminating June 30, 2015.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of La Quinta, California, as follows:

SECTION 1. The City does hereby ratify and approve, ratify and authorize for non-represented management, contract management and confidential employees implementation of salary and fringe benefit adjustments for Fiscal Year 2014/2015, as set forth in Exhibit "A" attached hereto.

SECTION 2. The City recognizes contract management positions as the City Clerk, City Manager, Community Services Director, Community Development Director, Finance Director, Principal Engineer, and Public Works Director.

PASSED, APPROVED, and ADOPTED at a regular meeting of the La Quinta City Council held on this 1st day of July, 2014, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

DON ADOLPH, Mayor
City of La Quinta, California

ATTEST:

SUSAN MAYSELS, City Clerk
City of La Quinta, California

(City Seal)

APPROVED AS TO FORM:

M. KATHERINE JENSON, City Attorney
City of La Quinta, California

EXHIBIT A

City of La Quinta Salary and Benefit Adjustments for Non-Represented Employees July 1, 2014

The compensation and benefit package for City of La Quinta non-represented employees includes the following:

Term	1 year term, beginning 7/1/14 and ending 6/30/15
Salary	New Classification and Compensation System tied to a Pay for Performance Structure adjusting salaries where appropriate to align with the new Salary Schedule; one-time lump sum recognition payment of \$1,500 for all employees* hired prior to January 1, 2014 (not added to base and not eligible for PERS contributions)

(*Note: Positions excluded from the one-time lump sum recognition payment are City Clerk, City Manager, Community Development Director, Community Services Director, Finance Director and Public Works Director)

Pay for Performance Classification & Compensation System	New Performance Evaluation model being developed for use by all employees and to be implemented in accordance with the Implementation Schedule set forth in the MOU
Medical, Dental, Vision & Life Insurance Coverage	Existing medical cap remains at \$1,312 per month; no medical reopener during term of MOU
Educational Incentive Program	Total fund balance increased to \$25,000 with maximum \$2,500 per all City employees (10%) per fiscal year
Holidays	Four (4) hours of paid holiday leave per employee on Christmas Eve and four (4) hours of paid holiday leave per employee on New Year's Eve, when those days fall on a weekday. The additional holiday hours do not apply to either day when it falls on the weekend.

CalPERS Retirement	Employee continues to pay employee's full share PERS formula for Classic members: 2% @ 60 PERS formula for new members: 2% @ 62
Computer Purchase Program	Revise Computer Purchase Program to be less restrictive on purchasing guidelines
Personnel Policy Additions & Amendments	To be reviewed and approved prior to finalization (as outlined in the Association's MOU)