



Agenda Report

Fullerton City Council

MEETING DATE: NOVEMBER 20, 2018

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: KENNETH A. DOMER, CITY MANAGER

PREPARED BY: GRETCHEN BEATTY, HUMAN RESOURCES DIRECTOR
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MANAGER II

SUBJECT: PERSONNEL MANAGEMENT SYSTEM CHANGES

SUMMARY

To consider changes to the classification plan, approve a re-established and revised classification specification, delete an outdated specification and implement bereavement leave benefits and emergency duty pay as well as changes to hourly rates for Non-regular classifications as necessitated by changes to minimum wage law effective January 1, 2019.

RECOMMENDATION

Adopt Resolution No. 2018-XX

RESOLUTION NO. 2018-XX - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, RELATING TO PAY FOR NON-REGULAR EMPLOYEES AND REPLACING RESOLUTION 2016-63

Adopt Resolution No. 2018-XX

RESOLUTION NO. 2018-XX - A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, ADOPTING CERTAIN CLASS SPECIFICATIONS TO THE PERSONNEL MANAGEMENT SYSTEM AND AMENDING APPENDIX A OF RESOLUTION 2016-23 (FULLERTON MANAGEMENT ASSOCIATION) AND THE APPENDIX OF RESOLUTION 2018-50 (DESIGNATED CITY OF FULLERTON

EMPLOYEES REQUIRED TO FILE A CONFLICT OF INTEREST DISCLOSURE STATEMENT)

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statement/s:

- Fiscal and Organizational Stability

FISCAL IMPACT

The total annualized cost of the proposed changes related to the minimum wage is estimated to be \$182,200. The projected impacts for the remainder of the current fiscal year as follows.

Fire Department	\$ 1,100
Library	\$ 5,500
Parks & Recreation	\$ 75,000
Police Department	\$ 9,500

Funding is available in the 2018-2019 budget for these costs.

The estimated annualized cost for the new classification series for Water Division Management is approximately \$208,000. No additional appropriation is required as the classification filled from this series will replace the Water System Manager/Assistant City Engineer classification, already included in the budget.

DISCUSSION

Water Division Management Series

The position of Water System Manager/Assistant City Engineer is currently vacant due to the recent resignation of the incumbent. Staff recommends replacing this position with an appointment to a classification from the proposed Water Division Management Series in keeping with the preliminary discussions regarding reorganization of the Public Works Department. The creation of a series allows for flexibility when recruiting for the division manager based on departmental needs and organizational structure. The proposed salary range for the Water Engineer and Systems Manager classification is 674 (\$9,651 - \$11,731) which is approximately 2.4% below the pay for Water System Manager/Assistant City Engineer and equal to the salary range for Building and Safety Manager and Planning Manager. The proposed salary range for the Water Systems Manager classification is 665 (\$8,889 - \$10,805) which is approximately 8.5% below the Water Engineering and Systems Manager classification and between the salary ranges for Water Superintendent and Principal Civil Engineer. Establishing the classification at this time will allow for timing of recruitment for the position such that the new Public

Works Director (anticipated appointment to be effective at or near the beginning of the new calendar year) will be able to make the final selection.

No additional appropriation is required as this position will be under filling the budgeted vacant Water System Manager/Assistant City Engineer.

Minimum Wage

On April 4, 2016, Governor Brown signed Senate Bill 3 which revised Labor Code §1182.12 by increasing the State of California minimum wage first from \$10.00 per hour to \$10.50 per hour effective January 1, 2017 then by regular increments each January thereafter until it reaches \$15.00 per hour. Beginning in 2023, minimum wage increases will be determined by formula.

Currently, the City of Fullerton has four non-regular classifications (Community Services Leader I, Fire Department Utility Worker I, Library Page I and Maintenance Helper) on the approved salary schedule at hourly rates which would fall below the State mandated minimum wage of \$12.00 per hour come January 1, 2019. In order to comply with Labor Code §1182.12, as well as maintain the appropriate differential among the non-regular classifications, staff recommends certain classifications receive a \$.50 to \$1.25 per hour increase effective December 29, 2018 to comply with the mandated January 1, 2019 increase. In addition, as the classification of Maintenance Helper is not currently in use, has not been used in more than 6 years and the Public Works Department does not anticipate using it in the future, staff recommends deleting this classification. Staff will bring recommendations to the City Council at a future date to address the mandated minimum wage increases occurring in 2020 and beyond.

The specific proposed changes are reflected on the appendix to the proposed resolution. Classifications that are not at the minimum wage rate, nor are associated with classifications requiring minimum wage adjustments, or those that are targeted for eventual phasing out are not recommended for increases at this time.

The majority of the City's non-regular classifications are excluded by contract from CalPERS membership due to the nature of the classification. These classifications are designated as Group A on the attached resolution appendix. Given this exclusion, the proposed hourly rate increases for the classification within this group will not impact the City's CalPERS liability. Rather, employees in these classifications are enrolled in a defined contribution Federal Insurance Contribution Act (FICA) replacement plan in compliance with Federal law. City contributions to the FICA replacement plan for these employees equates to 3.75% of pay.

The classifications designated as Group B on the resolution appendix are non-regular classifications in which employees may be eligible for CalPERS benefits. An employee in such a classification becomes eligible if he/she is a member of CalPERS prior to being appointed to the classification or if he/she works in excess of 1,000 hours in a fiscal year. The City's retirement contribution for these employees is either the

CalPERS miscellaneous rate, currently 23.034% or the 3.75% rate for such employees not meeting CalPERS eligibility and enrolled in the FICA replacement plan. Approximately \$1,100 of the projected \$182,200 annualized cost is related to the CalPERS liability associated with these employees.

Bereavement Leave – Non-Regular Employees

The City currently has in place bereavement leave programs for regular employees that allow three days of paid leave following the death of a family member. Staff recommends implementing a similar program for non-regular employees allowing them paid time away from work for bereavement purposes. As proposed, a non-regular employee would be afforded the lesser of three shifts or 18 hours to allow employees paid time away from work to grieve and handle any necessary logistics of a funeral or related arrangements. For purposes of bereavement leave, the definition of immediate family shall include the employee's spouse, parents, children, stepchildren, brother, sister, mother-in-law, father-in-law, grandparent, grandchild, stepparent, legal guardian and others required by law.

Staff estimates the likely annual cost associated with this benefit to be less than \$3,000. The trial program is proposed to expire after December 31, 2019 unless renewed by City Council to allow review of usage of the benefit and impact to operations.

Emergency Pay – Non-Regular Employees

On occasion, urgent or unusual situations arise requiring non-regular employees to work irregular hours (similar to a graveyard shift) or extended hours (more than 12 hours in one day) to ensure the continuance of business operations. Given that non-regular employees generally work less than 40 hours per week and are paid hourly wages at or near minimum wage, it is difficult to fill such needs during emergency situations as there is often no additional financial incentive or reward for employees working in these situations. As such, staff recommends that the City Manager be granted authority to authorize non-regular employees to be compensated at a rate of one and one-half time their base hourly rate for hours worked during exigent circumstances.

Effective Date of Changes

Implementation of the Water Division Manager series is proposed to be effective upon approval by City Council. Changes to Non-Regular hourly rates are proposed to be effective January 1, 2019. Other changes are proposed to be effective July 1, 2018.

Attachments:

- Attachment 1 – Draft Resolution 2018-XX (update to Reso-2016-63)
- Attachment 2 – Draft Resolution 2018-XX redline version
- Attachment 3 – New Water Division Management Series Class Specification
- Attachment 4 – Draft Resolution 2018-XX (Personnel Mgmt Sys changes)