



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: June 14, 2011

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Introduction Of Ordinance For Management Salary Plans

RECOMMENDATION:

That Council introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Setting Forth and Approving a Salary Plan for Unrepresented Managers and Professional Attorneys for the period of June 14, 2011 through June 30, 2012; and a Salary Plan for Sworn Fire Managers and Unrepresented Sworn Police Managers for the period of June 14, 2011 through June 30, 2012.

DISCUSSION:

The recommended Fiscal Year 2012 operating budget included assumed labor cost savings attributable to General employees, Supervisory employees, and most unrepresented Management employees. The salary plans adopted today will implement concessions for managers in Fiscal Year 2012. For budget planning purposes, the Salary Plan also authorizes implementing concessions up to the same amount in Fiscal Year 2013, if necessary; however, final decisions on required concessions for Fiscal Year 2013 will be made closer to that fiscal year.

Non-sworn Managers

Non-sworn Managers realized a greater reduction in take home pay than other groups in the last few years (in Fiscal Year 2011, this was 8.75% versus SEIU's 6%). This year the proposed budget includes a reduction in the required management concession, but it is anticipated that managers will still contribute more overall than General and Supervisory Employees, with whom the City is still negotiating. The pay reductions counted toward management concessions include a 1.5% salary increase that was rescinded in April 2010 (but other units received and are still receiving), a 4% furlough (equivalent to 83.5 hours), and suspension of the vacation cash-out benefit.

Labor Cost Savings	Percent Value
Cancel salary increase (1.5%)	1.5%
4% Unpaid Furlough	3.97%
Suspend Vacation Cash-Out	2.32%
TOTAL	7.78%

Police and Fire Chiefs & Deputy Chiefs

In Fiscal Years 2010 and 2011, the Police and Fire Chiefs and Deputy Chiefs were required to take pay reductions in an amount similar to non-sworn managers. Again these amounts were greater than other non-sworn employee groups, and significantly greater than for sworn employees. The proposed FY 2012 salary plan for these employees includes concessions of approximately 7.74%.

Labor Cost Savings	Percent Value
Cancel salary increase (3%)	3.04%
Pay toward PERS	1.88%
Suspend Vacation Cash-Out	1.72%
1.13% Unpaid Furlough	1.10%
TOTAL	7.74%

Fire Battalion Chiefs

City HR staff has long recognized a significant compaction issues for Battalion Chief compensation when compared to lead Fire Captains, who are represented by the Firefighters Association. For the past several years, compensation increases for Firefighters Association members have exceeded those for unrepresented fire managers. In addition, Captains earn overtime and-at time and one half, and have significantly more available overtime than Battalion Chiefs. In many cases this has led to the compensation of Captains exceeding the compensation of the Battalion Chiefs who manage them. This becomes a problem in enticing employees to promote to management and leads to morale issues.

For this reason, concessions for this group are proposed to be lower than other managers. They will include these employees paying the same amount toward PERS as their subordinate employees, which they have been doing since March 2011, and relinquishing 80 hours of paid leave, which will lead to overtime savings.

Labor Cost Savings	Percent Value
Pay toward PERS	1.96%
Minus 40 hrs Mgmt Leave	0.62%
Minus 40 hrs Holiday	0.62%
TOTAL	3.20%

Although the budget savings for the paid leave concession will be only 0.62%, because non-shift employees are not backfilled during absences, the value of increased productivity from these employees would make the total concession from this group more like 4.24%.

It should be noted that, due to salary increases due in the later years of the Fire Association MOU, the compaction issue can only be expected to worsen in FY 2013. HR staff will continue to monitor this issue and may make additional recommendations to address the problem.

These salary plans do not apply to the City Attorney or the City Administrator, recommendations for which will come later.

BUDGET/FINANCIAL INFORMATION:

The measures listed herein are expected to generate a total of \$868,022 in labor cost savings, as compared to no continuation of concessions, with \$607,632 of that to the General Fund. These cost savings were included in the FY 2012 recommended budget, in both specified salary and benefit line items and unspecified labor cost savings.

PREPARED BY: Kristine Schmidt, Employee Relations Manager

SUBMITTED BY: Marcelo Lopez, Assistant City Administrator

APPROVED BY: City Administrator's Office