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OFFICE OF
LABOR RELATIONS

CITY OF SACRAMENTO
CALIFORNIA

APPROVED
BY THE CITY COUNCIL
DEC 2 1997
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OFFICE OF THE
CITY CLERK
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November 24, 1997

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: RECOMMENDATION TO PROVIDE CERTAIN BENEFITS FOR
DESIGNATED UNREPRESENTED EMPLOYEES**

LOCATION/COUNCIL DISTRICT:

City-wide

RECOMMENDATION:

It is recommended that the City Council adopt an amendment to the Personnel Resolution Covering Unrepresented Officers and Employees which will add new benefit provisions providing an equity with the 3% retirement pick-up which will become effective for represented employees on January 3, 1998.

CONTACT PERSON:

Dee Contreras, Director of Labor Relations, 264-5424.

FOR COUNCIL MEETING OF:

December 2, 1997 (afternoon)

SUMMARY:

This report recommends that the City Council approve benefits for designated unrepresented employees that will be comparable to the 3% retirement pick-up that will be effective for represented employees on January 3, 1998. The purpose of the recommendation is to ensure compensation equity by amending the Personnel Resolution as follows:

1. Modify Section 2.1(c)(3) to add a 3% optional benefits package for Confidential/Administrative employees and requiring that employees hired after June 24, 1995 have at least 60 months of City service to obtain the benefit.
2. Add a new Section 2.5 to establish a 401(a) money purchase plan with a 3% City contribution and mandatory 5% employee contribution for exempt management employees; and, a \$65 per month City contribution and no mandatory employee contribution for Council members.

COMMITTEE/COMMISSION ACTION:

None

BACKGROUND:

As a result of the 1994-96 labor negotiations, agreement was reached between the City and the recognized labor organizations and, effective January 3, 1998, the City will pay 3% of the employee's contribution to the Public Employees Retirement System (PERS) or, in lieu of such contribution for members of the Sacramento City Employees Retirement System, \$75 monthly as a add-on to the City health and welfare contribution. Employees hired on or after June 24, 1995 will receive this benefit only after the completion of 60 months of continuous employment.

To provide a comparable benefit for designated unrepresented employees, this report recommends that Administrative/Confidential employees receive a 3% optional benefits package added to the current City fringe dollars. This money can be used to offset the employee's retirement contribution, to purchase benefits in the cafeteria plan such as health and welfare, or to cash-back as taxable income. Just as with the represented employees, 60 months of City service will be required for eligibility for employees hired on or after June 24, 1995.

It is also recommended that an IRS Section 401(a) defined contribution plan be established for exempt management employees and Council members. The 401(a) will be administered by ICMA which manages the current 457 deferred compensation plan for the City. For exempt management employees the City will contribute 3% of the employee's base salary with a mandatory 5% employee contribution. For Council members, the City will contribute \$65. per month with no mandatory contribution.

The 401(a) is an IRS qualified retirement plan and some of the features include a 5 year graduated (20% per year) vesting period for management with prior service included; employees may contribute up to 10% of salary on a voluntary, post-tax basis to the plan; loans from vested funds are available for any purpose including 20-year mortgage loans; the full range of ICMA investment vehicles are available; and employees may move current 457 deferred compensation contributions to the 401(a) plan to fund the mandatory match. The agreement with ICMA to establish the plan will be heard by the Council on December 16, 1997.

FINANCIAL CONSIDERATIONS:

The cost of the proposed recommendations is included in the current budget and for Fiscal Year 1997-98 is \$430,000 for all funds.

POLICY CONSIDERATIONS:

Approval of this report will be consistent with past City Council policy of granting unrepresented employees benefits equal to those granted to represented employees.

ENVIRONMENTAL CONSIDERATIONS:

Administrative activities such as establishing a benefit plan for City employees does not constitute a project and CEQA does not apply.

MBE/WBE EFFORTS:

Not applicable

Respectfully submitted,



DEE CONTRERAS
Director of Labor Relations

RECOMMENDATION APPROVED:


WILLIAM H. EDGAR
City Manager

RESOLUTION NO.

97-660

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

APPROVED
BY THE CITY COUNCIL
DEC 2 1997
OFFICE OF THE
CITY CLERK

A RESOLUTION AMENDING RESOLUTION NO. 97-319, THE PERSONNEL RESOLUTION COVERING UNREPRESENTED OFFICERS AND EMPLOYEES, TO PROVIDE CERTAIN ADDITIONAL BENEFITS

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SACRAMENTO, as follows:

Section 1.

Section 2.1(c)(3) of the Personnel Resolution Covering Unrepresented Officers and Employees is amended to read as follows:

Confidential/administrative employees shall receive a monthly health and welfare contribution of \$500 and, effective January 3, 1998, a 3% of base salary optional benefit plan which shall be applied, first, to the employee's retirement contribution (if any), up to the maximum of such retirement contribution, and second, the premiums for City-sponsored health and dental plans, short-term disability plans, and/or supplemental life insurance (in the amount of \$30,000) and additional supplemental life insurance (in the amount of \$10,000) for eligible employees and qualified dependents, if any. To the extent not applied toward the employee's retirement contribution or insurance coverage premiums, such contribution may be applied on behalf of an eligible employee under the City's flexible spending account or dependent care reimbursement programs under the City's Internal Revenue Code Section 125 cafeteria plan or paid in cash to the employee, as directed by the employee. If the City's contribution allocated to any pay period is less than the amount needed to pay for the employee's retirement contribution and insurance coverage, the City shall deduct on a pre-tax basis from the employee's paycheck the balance of the amount needed for such purposes.

Full-time confidential/administrative employees hired on June 24, 1995 or later, shall receive a monthly health and welfare contribution of \$301 which is \$198 less than the full regular contribution. Such employees shall not receive the full regular contribution and the 3% of base salary optional benefit plan contribution until after completion of sixty (60) months of continuous employment.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

Section 2.

Add a new Section 2.5 to the Personnel Resolution Covering Unrepresented Officers and Employees to read as follows:

2.4 SECTION 401(a) MONEY PURCHASE PLAN

Effective January 3, 1998, the City shall establish an IRS Section 401(a) Plan which shall be available as follows:

a. For exempt management employees, the City will contribute 3% of salary to the 401(a) Plan and the employee shall contribute 5% of salary to the Plan. An employee may also contribute up to 10% of additional after-tax dollars into the Plan. The vesting period for the City contribution shall be five (5) years with credit for prior continuous service. Employees must make an irrevocable election to participate in the plan within ninety (90) days of employment and such election shall be final. If the election is to enter the plan the effective date is retroactive back to the date of employment or January 3, 1998 whichever is later.

b. For Council members, the City will contribute \$65. per month to the Plan with no mandatory employee contribution. Council members may contribute up to 10% of additional after-tax dollars into the Plan. The City contribution shall be vested upon contribution. Council members shall be enrolled upon taking office

MAYOR

ATTEST:

CITY CLERK

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DATE ADOPTED: _____