SALARY AND BENEFIT ADJUSTMENTS

Executives
Management/Confidential
OVERALL STRATEGY AND GOALS

- Employment contracts expired September 30, 2014
- Currently in negotiations with represented groups
  - Executive and Management/Confidential are unrepresented

GOALS AND GUIDING PRINCIPLES

- Assess the competitive status of the City’s workforce within the labor market
- Create a financially sustainable cost structure for the City
- Create a more transparent and logical approach to compensation and benefits
- Seek to maintain/provide for a motivated, productive workforce
TOTAL COMPENSATION SURVEY

- Cooperative Personnel Services (CPS) - contracted to conduct a total compensation study. Overall results showed, on average, general employees are at or below market and safety employees are above market.

- **Unrepresented Miscellaneous**
  - Executives are **19.5%** below labor market median (data excludes City and County of LA)
  - Management/Confidential are **9.8%** below labor market median

- **Unrepresented Safety**
  - Executives are **11.17%** above labor market median (data excludes City and County of L.A.)
  - Management/Confidential (Battalion Chiefs) are **9.65%** above labor market median
SALARY AND BENEFIT CHANGES LAST 5 YEARS

- Last salary increase (M/C and Executives) – September 26, 2009
  - Miscellaneous employees – 2%
  - Safety employees – 3.75%

- Since FY 2010-2011, salary and benefits have been reduced as follows:
  - Executives (8)
    - Miscellaneous – Pay 7% PERS Member Share (no salary offset; no phase-in)
    - Police & Fire - Pay 6% PERS Member Share; Fire pays additional 3% through employer cost-sharing (no salary offset; no phase-in)
SALARY AND BENEFIT CHANGES LAST 5 YEARS

- Management/Confidential (30)
  - Deferred Compensation – Match reduction from 5% to 4%
  - Vacation Buy-Back Reduction
  - Miscellaneous – Pay 3% PERS Member Share (no offset)
  - Safety – Pay 1% PERS Member Share + 3% employer cost sharing (no offset)

- Miscellaneous Retirement Formula
  - Tier II -- Formula reduced to 2% @ 60 for “Classic” members – applies to employees transferring from other cities.
RECOMMENDED ADJUSTMENTS

 Executives

- 401 (a) match -- Eliminate the 5% match
- Adjust Payouts to lower costs – Sick Leave, Vacation, and Deferred Compensation Catch-Up calculated at base salary hourly rate
- Base Salary Increase – 8% increase retroactive to October 1, 2014 to address competitiveness
  - Police Chief and Fire Chief will not receive increases but above changes will apply
RECOMMENDED ADJUSTMENTS

- **Management/Confidential**
  - 401 (a) match -- Eliminate 4% match
  - Retirement Costs – Retroactivity not an option (PERS)
    - Miscellaneous pay additional 2% effective June 13, 2015 (Employees will pay 5% total)
    - Battalion Chiefs pay additional 5% effective June 13, 2015 (Employees will pay 9% total)
  - Adjust Payouts to lower costs – Sick Leave, Vacation, and Deferred Compensation Catch-Up - base salary hourly rate
  - Base Salary Increase
    - Miscellaneous
      - 6% increase retroactive to October 1, 2014
      - 2% increase effective June 13, 2015
      - Battalion Chiefs – 4% effective June 13, 2015
FISCAL IMPACT

- FY 2014-15 - $260,400
  - Deferred Compensation - Savings not realized for employees who have already received the match
  - Retirement - Retroactivity not an option

Future Costs

- FY 2015-16
- Cost of Salary increases $348,000
- Savings
  - Executives 401(a) match elimination $80,900
  - Management/Confidential
    - Additional 2% Retirement for Miscellaneous $63,300
    - Additional 5% Retirement for Safety $41,400
    - 401(a) match elimination $126,600
  - Subtotal of savings $312,200*
  - Estimated Total Cost $35,800

* Does not include savings from leave payout changes