



EAST PALO ALTO CITY COUNCIL STAFF REPORT

DATE: July 30, 2020

TO: Honorable Mayor and Members of the City Council

VIA: Jaime M. Fontes, City Manager *Jaime M. Fontes*

BY: Brenda Olwin, Finance Director
Ana Maria Torres, Management Analyst II

SUBJECT: Annual Classification Plan and Compensation Schedule for FY 2019-20 and FY 2020-21

Recommendation

Adopt two Resolutions:

1. Approving the FY 2019-2020 Classification Plan; and
2. Approving the FY 2019-2020 Compensation Schedule; and
3. Adopting the FY 2020-21 Classification Plan; and
4. Adopting the FY 2020-21 Compensation Schedule.

Alignment with City Council Strategic Plan

This recommendation is primarily aligned with:

Priority No. 3: Increase Organizational Effectiveness and Efficiency
Priority No. 5: Improve Communication and Enhance Community Engagement

Background

Compensation consisting of salary and benefits paid to employees of the City of East Palo Alto is governed by the City's municipal code, personnel policies, negotiated and authorized memoranda of understanding with the three employee bargaining units (MEA, SEIU, POA), authorized compensation for unrepresented employees, and authorized contractual agreements with the City Manager and City Attorney. As a member of the California Public Employees' Retirement System (CalPERS), the City also is subject to applicable provisions of the Public Employee Retirement Law (PERL) referenced in the California Government Code

and the California Code of Regulations.

In accordance with East Palo Alto Municipal Code §2.8.110, and as further codified in the City's Personnel Policies and Procedures approved by the City Council on August 28, 1985 (Resolution #00210) Rule 3.9.01 states that "annually, the City Council shall establish the pay range and steps assigned to each classification in the City service." The City maintains a Classification and Compensation Schedule inclusive of all authorized employee classifications. This includes the salary ranges that depict salary steps associated with such authorized classifications.

The City is presenting for adoption the Fiscal Year 2019-20 and Fiscal Year 2020-21 City of East Palo Alto Classification Plans and Compensation Schedules reflecting previously approved changes to employee classifications and to reflect previously authorized and budgeted compensation of approved classifications.

Analysis

In addition to local policy requirements, Title 2 of the California Code of Regulations (CCR) §570.5 requires the City adopt a *publicly available pay schedule* for purposes of determining the amount of "compensation earnable" pursuant to California Government Code §20630, §20636, and §20636.1. Generally, compensation earnable is calculated using employee payrate and special compensation earned while working for the contracting agency (the City). It is paramount to have a properly adopted and administered pay schedule in order to assure both citizen transparency and the accuracy of employee retirement benefits.

The City's Classification and Compensation Schedule is required to meet eight criteria contained in CCR §570.5. The governing body (City) must approve and adopt the pay schedule as a standalone document detailing the pay rates for each employee position. The schedule must be publicly accessible, and available for auditing purposes for at least 5 years. The schedule also is required to include the following: position title; payrate for each position (ranges or steps); the time base for how pay is calculated (*i.e.*, hourly, bi-weekly, *etc.*); payrate effective date and any applicable revision dates; and, the schedule may not reference another document in lieu of disclosing the payrate.

Council previously adopted the annual Fiscal Year 2018-19 Classification and Compensation Schedule effective July 1, 2018. During the year, Council also approved the four revisions noted below (Refer to Attachment 3 for FY 2018-19, Revision 4 for informational purposes):

- a. Revision 1 (*effective October 21, 2018*): Implementation of City Clerk position, ordinance changes, and compensation schedule (8/8/18);
- b. Revision 2 (*effective October 7, 2018*): Implementation of approved position and payrate changes for specified positions in Finance, Public Works, and Administrative Services Departments (10/2/18);
- c. Revision 3 (*effective October 15, 2018*): Implementation of (Interim) City Manager contractual compensation (10/2/18);
- d. Revision 4 (*effective August 2, 2018*): Implementation of City Attorney contractual compensation (5/7/19).

The Human Resources Division is typically tasked with administering and assuring the annual adoption of the City Classification and Compensation Schedule. Due to the complexity and breadth of classification and compensation changes as a result of the KOFF Classification and

Compensation Study, and in conjunction with extended and complex bargaining agreements with SEIU, MEA, and POA, the Finance Department is temporarily providing oversight and assurance over the Annual Classification and Compensation Schedules. In order to remain in compliance with City compensation ordinance, personnel policies, and CCR §570.5, staff is presenting the FY 2019-20 and FY 2020-21 annual Classification and Compensation schedules and previous Council-approved revisions, as follows:

FY 2019-20

- a. FY 2019-20 Classification and Compensation (*effective July 14, 2019*): Implementation of approved Service Employees International Union (SEIU), and non-represented, noncontractual classifications effective the first full pay period after July 1, 2019, including approved compensation changes on the following effective dates (11/7/19 SEIU and 6/2/20 Non-bargaining)
 - i. Effective January 12, 2020: Implementation of approved Equity Adjustments for MEA, SEIU, and non-bargaining classifications effective the first full pay period following January 1st.
- b. Revision 1 (*effective December 3, 2019*): Implementation of approved Management Employees' Association (MEA) COLA increase, including approved compensation changes on the following effective dates (12/17/19)
 - i. Effective January 12, 2020: Implementation of approved Equity Adjustments for MEA, SEIU, and non-represented classifications effective the first full pay period following January 1st.
- c. Revision 2 (*effective May 17, 2020*): Implementation of approved Police Officer's Association (POA) COLA increases and additional pay step "F" effective the first full pay period following Council adoption (5/5/20)

FY 2020-21

- a. FY 2020-21 Classification and Compensation (*effective July 12, 2020*): Implementation of approved COLA increases for MEA and SEIU members effective the first full pay period following July 1, 2020, including approved compensation changes on the following effective dates (see dates referenced above, excluding Non-Represented):
 - i. Effective January 10, 2021: Implementation of approved Equity Adjustments for MEA and SEIU classifications effective the first full pay period following January 1st;
 - ii. Effective May 17, 2021: Implementation of approved Police Officer's Association (POA) additional pay step "G".

Fiscal Impact

No fiscal impact associated with approval of the schedules.

Public Notice

The public was provided notice of this agenda item by posting the City Council agenda on the City's official bulletin board outside City Hall and making the agenda and report available at the City's website and at the San Mateo County Library located at 2415 University Avenue, East Palo Alto.

Environmental

The action being considered by the City Council is exempt from the California Environmental Quality Act (CEQA) because it is not a "project" pursuant to 15378(b)(4) because it is a fiscal activity which does not involve any commitment to any specific project which may result in a potentially significant impact on the environment.

Attachments

1. Resolution
2. Exhibit A to Resolution - FY2019-20 Classification Plan
3. Exhibit B to Resolution - FY2019-20 Compensation Schedule
4. Resolution
5. Exhibit A to Resolution - FY2020-21 Classification Plan
6. Exhibit B to Resolution - FY2020-21 Compensation Schedule
7. FY2018-19 Compensation Schedule