City of Culver City, California

Agenda Item Report

Meeting Date: 06/13/2011	Item Number: A-2
CITY COUNCIL AGENDA ITEM: Adoption of a Resolution Approving an Executive Compensation Plan	
Contact Person/Dept.: Serena Wright	Phone Number: 310-253-5640
Fiscal Impact: Yes [X] No []	General Fund: Yes [X] No []
Public Hearing: [] Action Item: [X]	Attachments: [X]
Commission Action Required: Yes [] No [X]	Dates:
Public Notification: (E-Mail) Agenda and Meetings – City Council (06/08/11); Culver City Management Group (05/19/11)	
Department Approval: Serena Wright (05/19/11)	City Attorney Approval: Carol Schwab (by H. Baker) (05/19/11)
Chief Financial Officer Approval: Jeff Muir (05/19/11)	City Manager Approval: John M. Nachbar (05/19/11)

RECOMMENDATION:

Staff recommends that the City Council adopt a Resolution approving an Executive Compensation Plan.

BACKGROUND:

Traditionally, Culver City Executive Management was represented by the Culver City Management Group (CCMG) for matters concerning wages, hours, terms and conditions of employment. In July 2010, CCMG was notified that the City desired to carve out Executive Management from the group. CCMG subsequently agreed with this proposal. From a labor and employee relations standpoint, staff believes that it is more appropriate that Executive Management is not represented by an organized bargaining unit.

DISCUSSION:

The compensation plan being presented to the City Council for consideration and adoption outlines the current salary and benefits received by Executive Management. In addition, it also contains provisions that were recently negotiated with CCMG. Some key elements include:

- Implementing a second retirement tier for new hires (including new hires receiving the PEMHCA minimum retiree medical benefit if applicable)
- Eliminating the City's pick-up of the CalPERS employee contribution rate
- Converting to a Cafeteria Plan for active employee health benefits
- Modifying retiree medical for active employees and new hires

FISCAL ANALYSIS:

This compensation plan will result in both short-term and long-term savings. Long-term savings will be achieved by lowering the retirement benefit formula for new hires. The City will realize savings beginning in Fiscal Year 2011/2012 with the implementation of the Cafeteria Plan and Executives picking up an additional 3% of the CalPERS employee contribution rate. Like CCMG, Executives will pick up the final 3% of their employee contribution in Fiscal Year 2012/2013. The 4% growth cap on the monthly medical benefit allowance provides certainty to the City in future budget costs and protection against premium increases in excess of this amount. The restructuring of the retiree medical benefit for current employees will also reduce the City's overall long-term liability.

ATTACHMENTS:

Proposed Resolution (with Executive Compensation Plan Attached)

MOTION:

That the City Council:

Adopt a resolution approving an Executive Compensation Plan.