

RESOLUTION NO. 41-24

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
AMENDING AND RESTATING THE PREVIOUSLY ADOPTED
COMPENSATION AND BENEFITS FOR THE UNREPRESENTED CONFIDENTIAL
DESIGNATED EMPLOYEES OF THE CITY OF MORRO BAY**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, Section 36506 of the California Government Code requires the City Council to fix the compensation of all appointive officers and employees by resolution or ordinance; and

WHEREAS, Morro Bay Municipal Code Section 2.20.020 also provides the salaries and compensation of officers and employees of the City of Morro Bay (“City”) shall be as fixed and determined by resolution of the City Council, except as specifically fixed in Chapter 2.20 of the Morro Bay Municipal Code; and

WHEREAS, the City has established a system of classification for all positions within the City service with descriptive occupational titles, used to identify and distinguish classifications and/or positions from one another, based on job duties, essential functions, knowledge, skills, abilities and minimum requirements; and

WHEREAS, the Meyers-Milias-Brown Act (“MMBA”) (Government Code sections 3500 *et seq.*)¹ governs labor relations between local government employers and employees and Section 3507.5 thereof permits a public agency to adopt local rules and regulations providing for the designation of the “confidential” employees of the public agency and restricting such employees from representing any employee organization, which represents other employees of the public agency, on matters within the scope of representation; and

WHEREAS, the City’s Employer-Employee Relations Resolution, Resolution No. 08-17, represents the City’s adoption of local rules and regulations for the administration of employer-employee relations, including but not limited to the designation of “confidential” employees, defined as meaning those employees who are “privy to decisions of City management affecting employer-employee relations;” and

WHEREAS, the City has designated such “confidential” employees as more fully identified and listed herein below; and

WHEREAS, the “confidential” employees identified and listed herein are “unrepresented,” meaning that they are not part of any City Council-determined appropriate bargaining unit nor represented by any recognized employee organization as defined by the City’s Employer-Employee Relations Resolution and the MMBA; and

WHEREAS, the City Council deems it is in the best interest of the City to adjust the compensation of the unrepresented confidential employees, whose titles are listed herein,

¹ Unless otherwise stated, references to Sections will be to the Government Code.

by a Cost of Living Adjustment (COLA) salary increase established by City Council for these employees for FY 2024/25, FY 2025/26, and FY 2026/27; and

NOW, THEREFORE, BE IT RESOLVED that the Morro Bay City Council does hereby adopt this Resolution, amending and restating the previously adopted and amended schedule of compensation and benefits for the City of Morro Bay's unrepresented confidential employees and superseding and replacing any prior compensation and benefits resolutions, contracts, agreements or memorandum for such employees, including but not limited to Resolution No. 34-17 as follows:

A. POSITION LIST

The following is a list of the authorized confidential positions:

Executive Assistant/Deputy City Clerk
Fiscal Analyst
Human Resources Analyst I
Human Resources Analyst II
Senior Accounting Technician

B. NORMAL WORK HOURS

Confidential employees work eight hours per day, five days per week, consistent with City business hours (unless participating in an alternative work schedule) and are subject to overtime compensation.

C. COMPENSATORY TIME OFF ("CTO")

Confidential employees may take CTO in lieu of paid overtime. CTO may be accrued up to a maximum of sixty (60) hours. Once the maximum accrual is reached, excess overtime is paid at the time it is incurred, until the CTO accrual balance falls below the maximum accrual limit. CTO must be approved in advance by the employee's Department Director.

D. ADMINISTRATIVE LEAVE

Confidential employees receive up to forty-five (45) hours in paid administrative leave annually in a lump sum accrual at the beginning of each fiscal year. The administrative leave bank may never accrue more than sixty-nine (69) total hours, limiting the number of hours credited to the employee's administrative leave bank on July 1st of each year.

New confidential employees will be provided a pro-rata share of the annual forty-five (45) hour accrual of administrative leave upon employment.

Administrative leave time must be taken off on an hour-for-hour basis equaling employee actual time off, regardless of accumulation rates. Administrative leave is a compensable leave, and any remaining hours in the employee's bank will be paid out upon separation from City service, at the employee's current hourly rate of pay.

E. VACATION LEAVE

Confidential employees accrue vacation, based on the schedule below:

<u>Service Years</u>	<u>Entitlement in Days</u>
1 thru 2	10
3 thru 4	11
5 thru 6	12
7 thru 8	13
9 thru 10	14
11 thru 12	15
13 thru 14	16
15 thru 16	17
17 thru 18	18
19 thru 20	19
21 or more	20

Confidential employees are subject to a maximum leave accumulation of two hundred twenty (220) hours. Any hours exceeding the maximum accumulation as of November 1st of each year will be paid out in the pay period including December 1st.

Confidential employees will be provided an option to convert up to 40 hours of vacation into compensation per calendar year, subject to meeting the following requirements, provided that at the time of the conversion request at least 20 hours of vacation time remains in the employee's vacation bank. To be eligible for cash out of accrued vacation leave, an employee must pre-elect the number of vacation hours they will cash out, up to a maximum of 40 hours, by December 15 of the preceding calendar year. The election will apply only to vacation hours accrued in the next calendar year. The election to cash out vacation hours in each designated year is irrevocable. Confidential employees who elect to cash out vacation leave hours must cash out the number of accrued hours pre-designated on the irrevocable election form provided by the City. Employees who pre-designate cash out amounts may request a cash out at any time in the designated calendar year by submitting a cash out request at least 30 days in advance to Human Resources. Human Resources will confirm the cash out amount has accrued and is consistent with the amount the employee pre-designated, then forward to payroll to complete the cash out request. If the full amount of hours designated for cash out is not

available at the time of cash out request, the maximum available will be paid.

For Confidential employees who have not requested payment of the elected cash out amount by November 1 of each year, payroll will automatically cash out the pre-designated amount in a paycheck issued on or after the payroll date including November 1. Additionally, the City may, prior to the end of the calendar year, automatically cash out the vacation leave accrued each pay period by an employee such that the vacation leave cash out is consistent with the employee's pre-elected number of vacation leave cash out hours for that year.

Employees who do not pre-designate vacation leave cash out hours or who decline the cash opt option by the December 15 deadline will be deemed to have waived the right and will not be eligible to cash out any vacation leave in that year.

Vacation accrual is a compensable leave; any hours remaining in the employee's vacation bank will be paid out upon separation from City service, at the employee's current hourly rate of pay.

Vacation leave time must be taken off on an hour-for-hour basis equaling employee actual time off, regardless of accumulation rates.

F. HOLIDAYS

The following days are paid holidays for confidential employees:

Independence Day	July 4 th
Labor Day	1 st Monday in September
Veteran's Day	November 11 th
Thanksgiving Day	4 th Thursday in November
Day after Thanksgiving	Friday after Thanksgiving
Christmas Day	December 25 th
New Year's Day	January 1 st
Martin Luther King, Jr. Day	3 rd Monday in January
Spring Break Holiday	Observed the Friday before Easter weekend
Washington's Birthday	3 rd Monday in February
Memorial Day	Last Monday in May
Juneteenth	June 19 th
Floating Holiday	Varies
Floating Holiday	Varies

Any holiday, which falls on a Saturday or Sunday, will be officially designated as a "HOLIDAY" on the prior Friday (if Saturday) or Monday (if Sunday).

For confidential employees, one holiday equals eight hours unless the employee is working the 9/80 alternative work schedule, in which case one holiday may equal eight or nine hours depending on whether the normally scheduled work day is an eight- or nine-hour work day for that employee.

When a holiday is proclaimed by the Mayor of the City, each employee shall be

granted time off in the same number of equivalent hours. Such time off shall be authorized by the Department Head.

Floating holiday hours are recorded in a bank in July of each fiscal year and may be carried over to the next fiscal year, to a maximum accumulation of forty-eight (48) hours of holiday time. Hours of holiday time accumulated over forty-eight (48) hours will be paid out in December.

Floating holiday pay is a compensable leave, and any remaining hours in the employee's bank will be paid out upon separation from City service, at the employee's current hourly rate of pay.

G. SICK LEAVE

All employees accrue ninety-six (96) hours per year in a sick leave bank to be used for employee illness, forty-eight (48) hours of which may be used in the care of the employee's family member for illness or for any other reason mandated by law.

Upon retirement from City service, remaining unused sick leave converts to time served under the applicable contract between the City and the California Public Employees' Retirement System ("CalPERS"), if any.

Based on individual utilization of paid sick leave in the preceding calendar year, confidential employees may convert unused accumulated sick leave into paid vacation leave once per calendar year, pursuant to the formula below:

<u>Sick Leave Utilization</u>	<u>Sick Leave</u>	<u>Maximum Conversion to Vacation Leave</u>
0 hours	96 hours	48 hours
.25 to 8 hours	72 hours	36 hours
8.25 to 16 hours	48 hours	24 hours
16.25 to 25 hours	24 hours	12 hours
Over 25 hours	0 hours	0 hours

At least one hundred sixty (160) accrued hours must remain in the confidential employee's sick leave bank for an employee to be eligible for conversion or for a conversion to be authorized. In addition, the right to convert does not carry over or rollover from calendar year to calendar year; failure to request conversion in any calendar year eliminates the right to do so for that calendar year.

Upon the Service Retirement of a confidential employee, who has more than ten years of service with the City, said employee shall be entitled to receive payment for up to the first ninety days of their accrued sick leave at twenty-five percent of the employee's rate of pay, as of the date of service retirement. Unused sick leave converted to service credit for CalPERS purposes cannot be compensated (converted to dollars). Service Retirement is defined as service retirement from both the City and CalPERS. Voluntary separation or termination actions are excluded from this benefit.

H. RETIREMENT BENEFITS

All employees enrolled in the CalPERS retirement system bear the risk of payment of any increases in the employee contribution above the current percentage made by the action of CalPERS, the California Public Employees Pension Reform Act of 2013 ("PEPRA") or related legislation, and/or the State Legislature.

All employee CalPERS contributions are paid to CalPERS, based upon tax treatment currently permitted by the State Franchise Tax Board and the Internal Revenue Service ("IRS").

The following is descriptive information on City CalPERS-contracted Miscellaneous retirement plans:

CalPERS Miscellaneous Plans

All employees pay 100% of the employee contribution to CalPERS, which is currently:

1. Tier 1 Classic members = 8%
2. Tier 2 Classic members = 7%
3. Tier 3 PEPRA members = one-half the normal cost of retirement (currently 6.75%)

Tier 1: All employees, who were hired prior to December 10, 2011, receive the following CalPERS retirement formula and optional benefits (existing Tier 1 employees, promoted to another position within the City, will not be considered new hires, with respect to retirement formulas):

1. 2.7% @ 55 formula (Section 21354.5)
2. Unused Sick Leave Credit (Section 20965)
3. Military Service Credit (Section 21024 & 21027)
4. Final Compensation 1 Year (Section 20042)
5. 1959 Survivor Benefit, Level 4 (Section 21574)
6. Pre-Retirement Option 2W Death Benefit (Section 21548)

Tier 2: All employees, who were hired on or after December 10, 2011, but before January 1, 2013, and those hired on or after January 1, 2013, who meet the CalPERS definition of *classic member* as determined by CalPERS under PEPRA and related legislation receive the following CalPERS retirement formula and optional benefits:

1. 2% @ 60 formula (benefit factor increases to 2.418% @ 63+) (Section 21353)
2. Unused Sick Leave Credit (Section 20965)
3. Military Service Credit (Section 21024 & 21027)
4. Final Compensation 3 Years (Section 20037)
5. 1959 Survivor Benefit, Level 4 (Section 21574)
6. Pre-Retirement Option 2W Death Benefit (Section 21548)

Tier 3: All employees, who were hired on or after January 1, 2013, and meet the definition of *new member*, as determined by CalPERS under PEPRA and related

legislation pursuant to PEPRA, receive the following CalPERS retirement formula and optional benefits:

1. 2% @ 62 formula (benefit factor increases to 2.5% @ 67+) (Section 7522.20)
2. Final Compensation 3 Years (Section 20037)
3. Member contribution rate of fifty percent of the expected normal cost rate, which is currently 13.5% (6.75% is employee's portion)
4. Unused Sick Leave Credit (Section 20965)
5. Military Service Credit (Section 21024 and 21027)
6. 1959 Survivor Benefit, Level 4 (21574)
7. Pre-Retirement Option 2W Death Benefit (Section 21548)

Employee Cost Sharing: CalPERS Classic Member Tier 1 & 2 employees shall make a 1% cost sharing contribution to the employer's contribution to CalPERS effective the first full payroll period after City Council approval of a CalPERS Contract Amendment providing for such payment commencing FY 23/24, but in no event sooner than the pay period including July 1, 2023.

I. HEALTH/LIFE/VISION/DENTAL INSURANCE

All employees receive the following contribution toward the purchase of CalPERS health insurance, which includes the required CalPERS monthly contribution:

City will pay an amount equal to 100% of Employee-only premium, 90% of Employee + one premium, and 89% of Employee + two or more (family coverage) premium for the **lowest-cost PPO plan offered by CalPERS**.

For calendar years 2024 and 2025, City will contribute 100% of the dental and vision premiums for Employees and their dependents.

City will pay up to a 5% increase in premiums for calendar year 2026 and up to a 5% increase for calendar year 2027 through the end of the 2027 calendar year. Employees will pay for any increase beyond 5%.

Life insurance is provided at \$50,000 per employee.

For retired employees, City contributes the required CalPERS monthly contribution towards CalPERS health plans, as selected by retiree.

J. DEFERRED COMPENSATION PROGRAM

Confidential employees receive a matching contribution up to \$1,500, per calendar year, paid to employee's deferred compensation plan, or approved retiree medical savings plan. City matching contributions are paid on a 2:1 basis (e.g., employee contributes \$2, City matches \$1).

K. LONGEVITY INCENTIVE

Once annually, for employees who have been continuously employed with City for ten (10) years of full-time employment, City shall contribute to the employee's

deferred compensation plan (Section 457 account) \$25 per year for each whole year of continuous full-time employment with City, plus an additional \$25 per year for each whole year of continuous full-time employment completed after ten (10) years.

For example:

If an employee has been employed full-time with the City for 10 years, the City will contribute \$250 that year (\$25 for each year of continuous full-time employment). If an employee has been employed full-time with the City for 14 years, the City will contribute \$350 that year (\$25 for each year of continuous full-time employment).

Whole years of full-time employment shall be determined on September 1st of each year.

Fractions of a year will be rounded down to the nearest whole year.

Deposits into the deferred compensation plan shall be made in one lump sum no later than the second pay period in September.

L. EDUCATION INCENTIVE

City will reimburse its confidential employees for costs associated with job-related and job-required certifications, correspondence courses, and/or licenses (except Class III driver's license), upon successful completion of the examination or course by the employee. Written authorization, from the employee's Department Director, is required in advance. Reimbursement includes application fees, examination fees, and certificate fees. Renewal fees may be paid in advance by City. This provision does not apply to continuing education requirements.

City will provide a City vehicle, when available, for required transportation, and will permit paid time for employee to take examinations, scheduled during normal working hours. If no City vehicle is available, employee may take their personal vehicle; however, no mileage payments are authorized of the use of personal transportation. Time spent, outside normal working hours, shall not be compensated.

M. COLLEGE DEGREES

Confidential employees, hired on or after January 1, 1998, shall not be eligible for this incentive.

For confidential employees, hired prior to January 1, 1998, City will pay the following education incentives, on base salary, for an Associate of Arts ("AA") or Bachelor's degree, unless the employee's job description requires an AA or Bachelor's degree, or the employee is promoted to a position requiring an AA or Bachelor's degree:

1. AA degree = \$600 annually
2. Bachelor's Degree = \$1,200 annually

N. COMPENSATION ADJUSTMENTS

Annual Cost of Living Adjustments (COLA) and/or equity adjustments may be given to confidential employees, as recommended by the City Manager and approved by the City Council; though neither is guaranteed.

1. Effective the pay period including July 1, 2024, City shall provide a 5% COLA increase to base salaries for all confidential employees (see Exhibit A updated salary table).
2. Effective the pay period including July 1, 2025, City shall provide a 5% COLA increase to base salaries for all confidential employees (see Exhibit B updated salary table).
3. Effective the pay period including July 1, 2026, City shall provide a 5% COLA increase to base salaries for all confidential employees (see Exhibit C updated salary table).

O. SPECIAL PAY

Confidential employees, who are required by their supervisor to attend meetings, outside the normal work schedule, for the purpose of taking minutes of said meetings, shall be paid a minimum of four (4) hours at time and one-half, without regard for hours actually worked during the work week. Minutes, taken at meetings during regular work hours, shall be included in employee's regular rate of pay, and not compensated beyond that.

PASSED AND ADOPTED, by the City Council of the City of Morro Bay, at a regular meeting thereof held on the 25th day of June 2024, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:
RECUSE:

CARLA WIXOM, Mayor

ATTEST:

DANA SWANSON, City Clerk

**ATTACHMENT A
CONFIDENTIAL PAY SCHEDULE
EFFECTIVE JULY 1, 2024**

HOURLY RATES					
POSITION	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
HUMAN RESOURCES ANALYST I	31.96	33.56	35.24	36.99	38.84
EXECUTIVE ASSISTANT/DEPUTY CLERK	34.34	36.06	37.85	39.75	41.74
SENIOR ACCOUNTING TECHNICIAN	35.69	37.47	39.35	41.32	43.39
FISCAL ANALYST	38.43	40.35	42.37	44.49	46.71
HUMAN RESOURCES ANALYST II	38.43	40.35	42.37	44.49	46.71

**ATTACHMENT B
CONFIDENTIAL PAY SCHEDULE
EFFECTIVE JULY 1, 2025**

	HOURLY RATES				
POSITION	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
HUMAN RESOURCES ANALYST I	33.56	35.24	37.00	38.84	40.78
EXECUTIVE ASSISTANT/DEPUTY CLERK	36.06	37.86	39.74	41.74	43.83
SENIOR ACCOUNTING TECHNICIAN	37.47	39.34	41.32	43.39	45.56
FISCAL ANALYST	40.35	42.37	44.49	46.71	49.05
HUMAN RESOURCES ANALYST II	40.35	42.37	44.49	46.71	49.05

**ATTACHMENT C
CONFIDENTIAL PAY SCHEDULE
EFFECTIVE JULY 1, 2026**

	HOURLY RATES				
POSITION	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
HUMAN RESOURCES ANALYST I	35.24	37.00	38.85	40.78	42.82
EXECUTIVE ASSISTANT/DEPUTY CLERK	37.86	39.75	41.73	43.83	46.02
SENIOR ACCOUNTING TECHNICIAN	39.34	41.31	43.39	45.56	47.84
FISCAL ANALYST	42.37	44.49	46.71	49.05	51.50
HUMAN RESOURCES ANALYST II	42.37	44.49	46.71	49.05	51.50