



CITY COUNCIL ACTION REPORT

June 12, 2007

TO: Phillip L. Nelson, City Manager

FROM: John M. Lamerato, Assistant City Manager/Finance and Administration
Brian P. Murphy, Assistant City Manager/Economic Development Services
Peggy E. Sears, Human Resources Director

SUBJECT: 2007 Annual Salary Update for Classified and Exempt Employees and
Proposed Changes to Benefit Package and Personnel Rules & Regulations

Background:

- City administration strives to maintain a competitive salary and benefit structure for full-time employees.
- In 1999, City Council approved the Salary Structure and Pay Plan for Classified and Exempt employees, and two subsequent annual updates, as recommended by the Hay Group.
- Since 2002, City Council has approved annual updates to the Pay Plan based on surveys of cities conducted internally and recommended by the Personnel Board.
- Surveys were conducted internally of salaries for similar positions in other communities for the 2007-08 fiscal year.
- The Personnel Board approved the Pay Plan proposed by City administration which provides a 2% increase.
- Employees are advanced through the pay range based upon performance.
- City administration continues efforts to bring consistency and reduce costs in the benefit package provided to employees.

Financial Considerations:

- The proposed Pay Plan adjustment results in an average salary increase to employees of 2.7%. This is comprised of a 2% across the board increase plus a merit increase depending on performance of up to \$650.
- Increasing the employee contribution (for employees who participate in the Defined Benefit Pension Plan) from 1% to 1.5% will result in an annualized cost savings of approximately .5%.

- Eliminating duplicate health insurance for employees who are married to each will eliminate unnecessary costs and is consistent with the health insurance provision for other employee groups.
- Funds are budgeted and available in the 2007-08 budget.

Legal Considerations:

- The Personnel Board reviewed the proposed changes to the Classification Plan and Pay Plan, benefit package and Personnel Rules and Regulations on May 29, 2007 and recommends approval by City Council

Policy Considerations:

- Minimize the cost and increase the efficiency and effectiveness of City government by rewarding employees based upon merit, and by reducing the City's financial liability for health insurance and pension (Goal II).
- Effectively and professionally communicate internally and externally by maintaining a fair and competitive total compensation package in order to attract and retain qualified employees (Goal IV).

Options:

- City management recommends approval of the 2007 Classification and Pay Plans for Classified and Exempt employees, proposed benefit changes and Personnel Rules and Regulations as detailed on appendices.

PAY PLAN

CLASSIFIED AND EXEMPT EMPLOYEES

JULY 1, 2007

(Reflects a 2% increase over 2006 Plan)

Grade	Minimum	Mid-Point	Maximum
1	\$24,543	\$30,679	\$36,815
2	\$28,748	\$35,936	\$43,123
3	\$33,590	\$41,988	\$50,386
4	\$39,452	\$49,314	\$59,176
5	\$46,331	\$57,915	\$69,498
6	\$55,125	\$68,906	\$82,686
7	\$65,318	\$81,648	\$97,977
8	\$80,756	\$100,947	\$121,137
9	\$82,918	\$103,648	\$124,377
10	\$85,467	\$106,833	\$128,199
11	\$88,511	\$110,640	\$132,768
12	\$92,113	\$115,141	\$138,169
15	\$107,696	\$134,621	\$161,545

CLASSIFICATION PLAN
CLASSIFIED EMPLOYEES
July 1, 2006 July 1, 2007

Pay Grade 1

Pay Grade 2

Inventory Control Assistant
Museum Archivist

Pay Grade 3

Administrative Aide
Assistant Naturalist
Education Coordinator
Engineering Technician
Legal Secretary
Library Aide
Manager's Office Secretary
Secretary II

Pay Grade 4

Building Maintenance Specialist
Engineering Assistant
~~GIS Data Analyst~~
Inspector
Insurance & Safety Coordinator
Landscape Analyst
Legal Assistant
Librarian I
Office Coordinator
PC Specialist/Help Desk Technician
Planning Technician
Survey Supervisor

Pay Grade 5

Accountant
Administrative Assistant to the City Manager
Appraiser
Building Inspector
Civilian Communications Supervisor
Community Affairs Officer
Cross Connection Inspector
Environmental Specialist
Field Supervisor
GIS Analyst
Legal Assistant II
Project Manager (Engrg.)
Right-of-Way Representative

Pay Grade 6

Inspector Supervisor

Pay Grade 7

Plan Analyst

Personnel Board Approved:

Council Approved:

N = 36

G:C/E Classification Plans 2007

CLASSIFICATION PLAN

EXEMPT EMPLOYEES

JULY 1, 2006 July 1, 2007

Pay Grade 3

Assistant to the City Manager

Pay Grade 4

Aquatics Coordinator
Associate Buyer
Fitness and Gym Coordinator
Naturalist

Pay Grade 5

Application Support Specialist
Buyer
Community Center Facility Manager
Data Processing Analyst/Programmer
Director of Golf Operations
Greens Superintendent
Land Surveyor
Lead PC Specialist
Librarian II
Nature Center Manager
Planner

Police Analyst Programmer

Police Records Supervisor
Recreation Supervisor
Solid Waste Coordinator

Pay Grade 6

Assistant Library Director
Civil Engineer
Communications Manager
Deputy City Clerk
GIS Administrator
Human Resources Specialist
Museum Manager
Network Administrator
Project Construction Manager
Purchasing Systems Administrator
Research and Technology Administrator

Pay Grade 7

Attorney I
Attorney II
City Treasurer
Community Affairs Director
Deputy City Assessor
Deputy City Engineer

Pay Grade 7 (continued)

Economic Development Specialist
Parks Superintendent
Plans Examiner/Coordinator
Principal Planner
Risk Manager
Senior Right-of-Way Representative
Superintendent of Building Operations
Superintendent of Motor Pool
Superintendent of Recreation
Superintendent of Streets and Drains
Superintendent of Water and Sewer

Pay Grade 8

Assistant City Attorney
City Clerk
Community Affairs Director
Director of Building Operations
Director of Purchasing

Pay Grade 9

City Assessor
City Engineer
Director of Building and Zoning
Financial Services Director
Fire Chief
Human Resources Director
Information Technology Director
Library Director
Parks and Recreation Director
Planning Director
Real Estate and Development Director

Pay Grade 10

Police Chief
Public Works Director

Pay Grade 11

City Attorney

Pay Grade 12

Assistant City Manager/Finance
Assistant City Manager/**Econ Dev Services**

Pay Grade 15

City Manager

A Regular Meeting of the Troy Personnel Board was held Tuesday, May 29, 2007, at City Hall, 500 W. Big Beaver Road. Clerk Bartholomew called the meeting to order at 6:31 PM.

ROLL CALL:

PRESENT: Member Baughman
Member Huber
Member Nelson
Member Tschirhart

ABSENT: Member Shah

ALSO PRESENT: John M. Lamerato, Assistant City Manager, Finance & Administration
Tonni L. Bartholomew, City Clerk
Peggy E. Sears, Human Resources Director

Appointment of Personnel Board Chairperson:

Resolution PB-#2007-05-001
Moved by Nelson
Seconded by Baughman

RESOLVED, That Members of the Troy Personnel Board hereby **APPOINT** Member Tschirhart to serve as Chairperson.

Yes: All-4
No: None
Absent: Shah

Approval of Minutes of June 5, 2006:

Resolution PB-#2007-05-002
Moved by Baughman
Seconded by Nelson

RESOLVED, That the Personnel Board hereby **APPROVES** the minutes of Monday, June 5, 2006 as amended to include the “No” votes with the word “None” following the vote and with the Adjournment Resolution Number expanded to read “2006-06-006”.

Yes: All-4
No: None
Absent: Shah

Old Business: None

New Business:

A. Recommendations for Classification Plan and Pay Plan

Human Resources Director Sears reviewed the recommendations and noted that the GIS Data Analysis has had a change in duties and performs at an elevated level than what is provided for in the Pay Plan. The title is recommended to have the word “Data” eliminated and moved up one grade to Pay Grade 5. Additionally, there was a desk audit performed on one of the Legal Assistant’s positions and it was determined that that position should be increased to a Legal Assistant II with the salary falling within Pay Grade 5.

In addition to the Classifications and Pay Grade recommendations, Director Sears reviewed the recommendations for the Pay Plan. She stated that staff had performed comparisons with similar communities and found that the salary ranges should be increased by 2% and therefore management recommends an increase to the Pay Grade schedule to be increased across the board by 2%. Additionally, management is recommending a 2% across the board pay increase for the Classified Employee Group with merit increases to employees who performed at high and clearly outstanding levels as indicated by their Annual Personnel Evaluations. Ms. Sears noted that in the past, employees received a .5% and 1%, respectively, for merit increases. In order to more clearly reward high achievers as well as maintain costs within budget, Director Sears indicated that management is proposing a flat rate Merit Plan. She reviewed the 2007 Merit Increase matrix and stated that a \$650.00 increase for the Clearly Outstanding employees and a \$200.00 increase for the High Level employees are being proposed. The dollar amount was proposed because the impact on the City budget will be slightly lower than what was experienced in the 2006-07 budget. Discussion continued on the evaluations and the proposed rates. It was the consensus that superior employee should be encouraged and rewarded accordingly.

Resolution PB-#2007-05-003

Moved by Nelson

Seconded by Baughman

RESOLVED, That the Personnel Board hereby **APPROVES** the proposed recommendations for the *Classification Plan and Pay Plan* (FY 2007-2008) as submitted and presented by human Resources Director Peggy Sears with the plan rewards being elevated or superior employees rewarded the greatest merit pay in the amounts of \$650.00 and \$200.00 for the high performers.

Yes: All-4

No: None

B. Recommended Revisions to Benefit Provisions:**1. Increase Employees Contribution for Participation in the Defined Benefit Pension Plan**

Human Resources Director Sears reviewed the item and noted that it is the goal of Management to bring the Classified and Exempt Employee Group into line with the other

non-police employee groups. She noted that the recommendation is to increase the contribution for employees participating in the Defined Benefit program by .5%. The employee's total contribution towards the Defined Benefit plan will be 1.5%. It was noted that the modification would have an effect on the employer contribution by slightly less than .5%.

Resolution PB-2007-05-004

Moved by Huber

Seconded by Nelson

RESOLVED, That the Personnel Board hereby **APPROVES** the proposed recommendations in the Personnel Rules, Section XXX - Retirement, as submitted.

Yes: All-4
No: None
Absent: Shah

2. Eliminate Dual Health and Dental Insurance Coverage for Employees Who Are Married to Each Other

Human Resources Director Sears reviewed the item and noted that the proposed recommendation before the Personnel Board is to eliminate the availability of dual coverage for two employees that are married to each other. She noted that the benefit change has been successfully achieved with all recently negotiated collective bargaining agreements, and Management is proposing the revision be applied to the Classified Employee Group. This proposed change would affect approximately 5 couples.

Mr. Lamerato indicated the same revision would be addressed for married couples where there is an employee and a retiree. He noted retiree laws are a little more restrictive however the matter will continue to be investigated for future implementation.

Chairman Tschirhart questioned terminology and suggested "legally recognized marriages".

Resolution PB-2007-05-005

Moved by Baughman

Seconded by Huber

RESOLVED, That the Personnel Board hereby **APPROVES** the proposed recommendations in the Personnel Rules, Section XXVI. Hospitalization and Medical Insurance, to eliminate Dual Health and Dental Insurance Coverage for Employees Who Are Legally Married to Each Other, as submitted.

Yes: All-4
No: None
Absent: Shah

C. Approval of Revisions to Personnel Rules

Human Resources Director Sears reviewed the proposed item. She noted that the proposed recommendation is a housekeeping item, which would replace the words “Personnel Office” with “Human Resources Department”, and “probation period” with “review period”. The rationale for the change is to reduce the confusion for third party employment interpretation between a “just cause relationship” and “at will relationship” between employees and the City of Troy.

Resolution PB-2007-05-006
Moved by Huber
Seconded by Baughman

RESOLVED, That the Personnel Board hereby **APPROVES** the proposed language revision recommendations in the Personnel Rules as submitted.

Yes: All-4
No: None
Absent: Shah

Amend Agenda to Add Cafeteria Plan Insurance Overview

Resolution PB-2007-05-007
Moved by Nelson
Seconded by Baughman

RESOLVED, That the Personnel Board hereby **AMENDS** their May 29, 2007 Agenda to include item 6. D. Cafeteria Plan Insurance Overview.

Yes: All-4
No: None
Absent: Shah

D. Cafeteria Plan Insurance Overview

Assistant City Manager Lamerato gave a brief overview and status report regarding the City of Troy’s Cafeteria Plan Insurance. He noted that the City of Troy, through the recommendation of their Certified Public Accountant firm, adopted a Health Insurance Cafeteria Plan, Section 125 – Pay-In-Lieu Benefit Plan.

Adjournment:

Resolution PB-2007-05-008
Moved by Baughman
Seconded by Tschirhart

RESOLVED, That there being nothing else to come before the Board, the meeting be **ADJOURNED**.

Yes: All-4
No: None
Absent: Shah

The meeting **ADJOURNED** at 7:31PM.

Ronald Tschirhart, Chairman

Tonni L. Bartholomew, City Clerk

PROPOSED REVISIONS TO PERSONNEL RULES AND REGULATIONS
May 29, 2007

1. Under Article XXVI. Hospitalization and Medical Insurance, add language restricting dual coverage for employees/retirees who are married to each other.
2. Add verbiage regarding the contribution rate for employees who participate in the Defined Benefit Pension Program as noted in the excerpt below.

XXX. RETIREMENT

Employees hired before 1/1/98 who chose to remain in the Defined Benefit plan continue to participate in the Defined Benefit (DB) Pension Program, as explained in Chapter 10 of the Troy City Code. **The employee contribution rate for this pension program is 1.5% of earnings** *(increased from 1.0%, consistent with other employee groups).*

(7/07)

City of Troy employees hired on or after 1/1/98 participate in the Defined Contribution (DC) pension program which is administered by the ICMA Retirement Corporation.

1. Contributions: The contribution rates for this plan are (as a % of earnings):

Employer: 12% (for employees hired before 1/1/04)

11% (for employees hired on or after 1/1/04)

10% (for employees hired on or after 7/1/05)

(7/05)

Employees: 4%

2. Vesting: Employees are 50% vested at three years, 75% vested at four years and 100% vested at five years. The vesting percentage applies to employer contributions only.

(1/06)

3. Replace "probation" with "review period", and "Personnel Office" with "Human Resources Department" wherever they appear in the Rules and Regulations