



City of Huntington Beach

File #: 22-956

MEETING DATE: 11/15/2022

REQUEST FOR CITY COUNCIL ACTION

SUBMITTED TO: Honorable Mayor and City Council Members

SUBMITTED BY: Al Zelinka, City Manager

VIA: Brittany Mello, Administrative Services Director

PREPARED BY: Brittany Mello, Administrative Services Director
Dahle Bulosan, Chief Financial Officer

Subject:

Approve the Classification and Compensation Study Implementation Plan by adopting Resolutions No. 2022-70, 2022-71, 2022-72, 2022-73, and 2022-74 related to Side Letters of Agreement with the Huntington Beach Municipal Teamsters (HBMT), Management Employees' Organization (MEO), Marine Safety Management Association (MSMA), Surf City Lifeguard Employees' Association (SCLEA), and Fire Management Association (FMA); and by adopting Resolution No. 2022-76 modifying salary and benefits for appointed Non-Associated (NA) employees; and approve Amendment No. 1 to the Employment Agreement between the City of Huntington Beach and Scott Haberle; and adopt Resolution 2022-75 related to a Side Letter of Agreement with Huntington Beach Firefighters' Association (HBFA) regarding the Retiree Medical Trust

Statement of Issue:

The City has completed a large-scale Classification and Compensation Study that reviewed the City's job classifications to ensure that positions are still meeting the operational needs of the organization; that job families are logical and provide clear promotional ladders; and that the number of stand-alone classifications are reduced. Additionally, a compensation study was conducted to review how the City's compensation plan compared to other agencies in our employment market. The proposed implementation plan would simplify and modernize the City's job classifications, improve internal alignment, and bring jobs found to be behind in compensation up to the employment market average. These efforts will improve employee recruitment and retention in support of the City's mission as a service organization.

Financial Impact:

The total cost of the proposed side letters of agreement with HBMT, MEO, FMA, and NA is \$1,347,113, which is a sum that will be spread across multiple fiscal years as employees earn their annual merit-based salary adjustment. The side letters of agreement with MSMA and SCLEA have no associated costs, as they contain only classification modifications. Finally, the side letter of

agreement with HBFA also has no associated costs related to updating the Retiree Medical Trust (RMT) leave bank contributions when an employee separates from the City; FMA is also updating their RMT contributions at no cost to the City.

Recommended Action:

A) Adopt Resolution No. 2022-70, "A Resolution of the City Council of the City of Huntington Beach Amending the City's Classification Plan and Memorandum of Understanding Between the City and the Huntington Beach Municipal Teamsters (HBMT) by Adopting the Side Letter of Agreement" (Attachment 1); and

B) Adopt Resolution No. 2022-71, "A Resolution of the City Council of the City of Huntington Beach Amending the City's Classification Plan and Memorandum of Understanding Between the City and the Huntington Beach Management Employees' Organization (MEO) by Adopting the Side Letter of Agreement" (Attachment 2); and

C) Adopt Resolution No. 2022-72, "A Resolution of the City Council of the City of Huntington Beach Amending the City's Classification Plan and Memorandum of Understanding Between the City and the Huntington Beach Marine Safety Management Association (MSMA) by Adopting the Side Letter of Agreement" (Attachment 3); and

D) Adopt Resolution No. 222-73, "A Resolution of the City Council of the City of Huntington Beach Amending the City's Classification Plan and Memorandum of Understanding Between the City and the Surf City Lifeguard Employees' Association (SCLEA) by Adopting the Side Letter of Agreement" (Attachment 4); and

E) Adopt Resolution No. 2022-74, "A Resolution of the City Council of the City of Huntington Beach Amending the City's Classification Plan and Memorandum of Understanding Between the City and the Huntington Beach Fire Management Association (FMA) by Adopting the Side Letter of Agreement" (Attachment 5); and

F) Adopt Resolution No. 2022-76, "A Resolution of the City Council of the City of Huntington Beach Modifying Salary and Benefits for Non-Represented Employees by Adding or Amending Classifications and Compensations for Various Positions" (Attachment 6); and

G) Approve and authorize the City Manager to execute, "Amendment No. 1 to the Employment Agreement between the City of Huntington Beach and Scott Haberle" (Attachment 7); and

H) Adopt Resolution No. 2022-75, "A Resolution of the City Council of the City of Huntington Beach Amending the Memorandum of Understanding Between the City and the Huntington Beach Firefighters' Association (HBFA) by Adopting the Side Letter of Agreement" (Attachment 8); and

I) Authorize the City Manager to take all administrative and budgetary actions necessary to implement the Classification and Compensation Study.

Alternative Action(s):

Do not approve the proposed Classification and Compensation Study Implementation Plan, including the applicable Side Letters of Agreement and the Employment Agreement Amendments Listed Above, or the Retiree Medical Trust adjustments for HBFA and FMA; direct staff accordingly.

Analysis:

The City last conducted a large-scale Classification and Compensation Study in 2006. As organizational needs evolve over time, it is important to assess if the list of available job classifications is still appropriate and logical, and that the job series are well organized with clear promotional ladders between jobs. In addition, it is critical to evaluate how the City's compensation for its jobs compares with other agencies in our employment market in terms of salary and benefits. In doing so, the City would be engaging in a best management practice and identifying changes to the classification and compensation structure that will ultimately reduce staff turnover and allow the City to be more competitive during recruitment efforts for highly qualified municipal employees who can bring valuable skills to the workforce.

On March 15, 2021, City Council approved an agreement with Public Sector Personnel Consultants, Inc., to conduct a Citywide Classification and Compensation Study. In the staff report, City Council approved eight comparator agencies, including Anaheim, Santa Ana, Irvine, Garden Grove, Orange, Fullerton, Costa Mesa, and Newport Beach. Huntington Beach generally competes with other Orange County cities when recruiting for new employees and working to retain its current employees. These comparator agencies are full-service or nearly full service (e.g., some agencies contract out Fire services) with populations over 100,000, except for Newport Beach (pop. 85,000), which faces similar issues as a fellow beach city.

Over the past year and a half, Public Sector Personnel Consultants conducted multiple phases of the Classification and Compensation Study, starting by collecting information on employees' job duties, and the necessary education, training, and experience to perform a job via Position Analysis Questionnaires. Then, the consultant identified positions with similar job responsibilities in our employment market to use as a basis for comparison. The consultant conducted a market analysis of the base salary and total compensation (i.e., with benefits included) to see where the City fell in relation to the market.

Additionally, the consultant proposed classification changes to modernize the nomenclature used in the City's job titles and standardize the job series titling within and across departments. Human Resources met with Department Heads and the impacted associations to review the proposed titling changes. Many single-position classifications were eliminated in favor of using broader, merged

classifications. This will assist in identifying promotional opportunities within and across departments, and allow for additional cross-training and succession planning.

The City Council approved compensation increases as part of the new Memoranda of Understanding (MOUs) adopted in December 2021 through January 2022, as well as in June 2022 with SCLEA. Incorporated into these MOUs was the transition to a new master salary schedule that helped to standardize compensation across the various associations by creating salary ranges that are 1% apart with seven pay steps that are 5% apart and placing all positions onto a set salary range. Adopting this salary schedule was instrumental in being able to evaluate the City's compensation plan in relation to the market and to propose highly targeted pay adjustments to bring jobs into alignment with the market.

Salary data was first collected in July 2021, and then the data was aged as of January 2022 and again as of July 2022 to give us a clear, updated snapshot of the market. As of July 2021, more than 41% of positions were considered "market outliers," defined as falling more than 5% behind the market average for that position. With the majority of the new MOUs in effect as of January 2022, only 16% of positions remained more than 5% behind the market. However, the market showed significant movement in the first six months of 2022, and as of July 2022, 21% of positions were identified as market outliers.

After receiving authorization from the City Council in Closed Session, Human Resources began the meet and confer process with the impacted associations to finalize the proposed Classification and Compensation implementation plan. Individual employees could submit comments through their association representatives or by submitting a Request for Reconsideration. These employees met with the consultant to review their request for retitling, reclassification, or compensation adjustments based on available market data. The final determinations from the Request for Reconsideration process were incorporated into the proposed implementation plan where appropriate and feasible.

The proposed Classification and Compensation implementation plan includes adjustments across the City's eleven (11) departments, including some changes that impact multiple departments, as follows:

Department	New Classifications	Merged Classifications	Modified Classifications and/or Pay Ranges	Deleted Classifications	Total
Cross-Departmental	-	-	7	5	12
City Attorney	-	-	5	3	8
City Clerk	-	-	3	-	3
City Manager	1	-	6	1	8
City Treasurer	-	-	-	-	-
Administrative Services	1	8	11	9	29
Community Development	1	2	17	3	23

Community & Library Services	2	2	13	8	25
Finance	-	5	6	5	16
Fire	1	-	12	-	13
Police	1	2	10	7	20
Public Works	2	38	36	14	90
Total	9	57	126	55	247

If approved by City Council, Human Resources staff will continue to meet with the impacted associations and department leadership to finalize the job classification specifications for each of the new, merged, or modified classifications. Then, these classification specifications will be presented to the Personnel Commission for review and approval. Additionally, Human Resources and the Finance Department will work diligently over the next few months to implement the changes in our internal systems. The effective date for the proposed Classification and Compensation implementation plan is February 4, 2023.

The Non-Associated (non-represented) classification adjustments include changes proposed by the City Manager to strengthen the City's Executive Leadership Team, ensure adequate retention and succession exists consistent with City Council objectives, and expand existing roles into additional city management focus areas. If approved, City Manager Zelinka will be describing these proposed changes in greater detail during his "City Manager's First 100 Day Report" at the November 29, 2022, Special City Council Meeting. The proposed adjustments contemplate upgrading four current classifications; creating one new classification; modifying one title; adjusting compensation for a set number of classification to be brought into alignment with the market average; and amending one employment agreement to receive an existing Education Incentive Pay and Longevity Pay benefits from the FMA MOU, providing additional parity with Fire Management

In October 2020, HBFA and FMA joined a retiree medical plan administered by the PORAC Retiree Medical Trust (RMT), which provides the opportunity to contribute funds into a pre-tax plan for medical expenses to use after separation or retirement from the City. Both the Police Officers' Association and Police Management Association participate in the RMT as well. An association's contributions into the RMT can be periodically amended by a vote of its members. Both HBFA and FMA have voted to adjust their leave bank contributions into the RMT upon separation. These modifications come at no cost to the City.

The total cost of the proposed side letters of agreement with HBMT, MEO, and FMA is \$1,050,000, over the course of multiple years as employees earn their annual, merit-based salary adjustments. The side letters of agreement with MSMA and SCLEA have no associated costs, as they contain only classification modifications. Actions related to Non-Associated employees, including adoption of Resolution No. 2022-75 and Amendment No. 1 to the Employment Agreement is estimated at a total cost of \$297,113, also realized over multiple years as employees earn their annual merit-based salary adjustments.

Environmental Status:

Not applicable.

Strategic Plan Goal:

Non Applicable - Administrative Item

Attachment(s):

1. Resolution No. 2022-70, "A Resolution of the City Council of the City of Huntington Beach Amending the City's Classification Plan and Memorandum of Understanding Between the City and the Huntington Beach Municipal Teamsters (HBMT) by Adopting the Side Letter of Agreement"
2. Resolution No. 2022-71, "A Resolution of the City Council of the City of Huntington Beach Amending the City's Classification Plan and Memorandum of Understanding Between the City and the Huntington Beach Management Employees' Organization (MEO) by Adopting the Side Letter of Agreement"
3. Resolution No. 2022-72, "A Resolution of the City Council of the City of Huntington Beach Amending the City's Classification Plan and Memorandum of Understanding Between the City and the Huntington Beach Marine Safety Management Association (MSMA) by Adopting the Side Letter of Agreement"
4. Resolution No. 2022-73, "A Resolution of the City Council of the City of Huntington Beach Amending the City's Classification Plan and Memorandum of Understanding Between the City and the Surf City Lifeguard Employees' Association (SCLEA) by Adopting the Side Letter of Agreement"
5. Resolution No. 2022-74, "A Resolution of the City Council of the City of Huntington Beach Amending the City's Classification Plan and Memorandum of Understanding Between the City and the Huntington Beach Fire Management Association (FMA) by Adopting the Side Letter of Agreement"
6. Resolution No. 2022-76, "A Resolution of the City Council of the City of Huntington Beach Modifying Salary and Benefits for Non-Represented Employees by Adding the Deputy City Manager, Amending the Classification for Deputy Director of Homelessness & Behavioral Health Services, Amending the Compensation for Fire Chief, Police Chief, and Chief Assistant City Attorney, & Amending the Classification and Compensation for Assistant City Manager"
7. Amendment No. 1 to the Employment Agreement between the City of Huntington Beach and Scott Haberle
8. Adopt Resolution No. 2022-75, "A Resolution of the City Council of the City of Huntington Beach Amending the Memorandum of Understanding Between the City and the Huntington Beach Firefighters' Association (HBFA) by Adopting the Side Letter of Agreement"
9. PowerPoint Presentation