



Good Neighbors

San Diego  
Housing Commission

# REPORT

**ITEM 104**

DATE: For the Agenda of June 4, 1999

REPORT NO: HCR99-065

SUBJECT: FY00 EMPLOYEE COMPENSATION, BENEFITS AND  
POLICIES

## SUMMARY

**Issue:** Should the Housing Commission approve and forward for Housing Authority adoption the union-negotiated Memorandum of Understanding: or represented employees, and extend these salary and benefit changes to nonrepresented and management employees?

**Recommendations:** Recommend Housing Authority adoption of the following:

1. Memorandum of Understanding (MOU) between the Housing Commission and Service Employees International Union, Local 535 including salary and benefits discussed in Attachment A, Summary of Major Changes to Memorandum of Understanding (green pages).
2. Revisions to Personnel Policies(PO102.000)including salary and benefits for nonrepresented employees consistent with union-represented employees and specific policies, pay, and benefits for the Executive and Management Service as discussed in Attachment B, Summary of Major Changes to Personnel Policies (pink pages).

**Fiscal Impact:** Implementation of the staff recommendation is estimated to cost approximately \$447,000 which is included in the FY00 Budget (approved by the Housing Commission on May 7, 1999 and forwarded for adoption by the Housing Authority on June 8, 1999).



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**Previous Related Actions(s):** On August 31, 1998, the Commission approved implementation of the classification and compensation plan prepared in consultation with employees, and bargaining unit representatives, which consisted of a comprehensive approach to employee benefits, compensation and policies. Each year, the Housing Commission approves specific employee benefits, compensation and policies for all employees including the Executive and Management Service.

## **BACKGROUND**

On August 31, 1998, the Housing Commission approved a new approach to compensation and salary administration policies designed to link pay with performance. As part of this year's negotiation process with SEW Local 535, the Commission resolved certain follow up issues pertaining to the FY99 classification and compensation study implementation plan which became effective January 1, 1999. As the employer, the Commission is concerned about 1) providing an attractive salary and benefit program that allows recruitment and retention of qualified employees at all levels and 2) the cost of implementing major agency wide classification and compensation recommendations. Therefore, FY00 negotiation issues considered the impact to employees resulting from the classification and compensation implementation plan, the Commission's current and future ability to fund costs, and employee needs.

Prior to last fiscal year, the Commission and the Union negotiated primarily on salary increases and did not materially change fringe benefits. Over the last five years, the negotiation process resulted in salary increases varying from 2% to 4% as follows: 2% in FY95, 3% in FY96, 4% in FY97, 2% in FY98 and 2% in FY99. At the same time, the Commission has implemented a 4 day furlough, without pay, and has provided discretionary time off with pay, as a result of negotiations.

Concerns regarding benefits were addressed in FY98 negotiations with the Union, and both parties agreed to consider benefit increases as a trade off to salary increases. Overall, the effective yield to employees due to non-taxability of benefits actually results in a higher return for every dollar put into benefits. This year the Union expressed interest in a comprehensive salary and pay package which included benefits and other economic impact items such as Pay in Lieu of Annual Leave, an increase to the Maximum Accumulation of Annual Leave and Bilingual Pay.

**DISCUSSION**

Proposed recommendations were negotiated in good faith with the Union and impact the recommended Memorandum of Understanding and Personnel Policies which are contained herein as Attachments A and B. The Memorandum of Understanding covers two years (FY00 and 01), with a "reopener" July 1, 2000 for salary and benefits, and two additional items.

The total cost of this year's proposed compensation and fringe benefit package is \$446,861 which is an increase of approximately 3.3% above the FY99 salary and benefits package, or 0.4% of the Commission's total budget.

Major changes and costs are as follows:

• <u>Salary</u>	\$258,328
• 2% salary increase	
• <u>Benefits - Employees</u>	
• Flex Plan - from \$3,700 to \$3,800	\$ 27,500
• Maximum Annual Leave increased	\$ 51,362
• from 600 to 650 hrs. - \$23,018	
• from 240 to 350 hrs. - \$28,344	
• Bilingual Pay (+ \$.10/hr)	\$ 10,104
• Pay in Lieu of Annual Leave	\$ 75,656
• from 40 to 80 hrs.	
• <u>Benefits - Management</u>	
• Maximum Annual Leave increased	\$ 13,974
• from 600 to 650 hrs. - \$9,316	
• from 240 to 350 hrs. - \$4,658	
• Pay in Lieu of Annual Leave	\$ 9,937
• 40 additional hours	
Total:	\$446,861

**Alternatives:**

1) Provide specific direction to the Chief Executive Officer, or 2) accept selected items of the report for implementation, or 3) take no action.

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Respectfully submitted,



Steven Mikelman  
Chief Operating Officer

Approved by,



Elizabeth C. Morris  
Chief Executive Officer

Gonzalez

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Attachment(s):

- A. Summary of Major Changes to Memorandum of Understanding
- B. Summary of Major Changes to Personnel Policies