

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
7	04/09/18	Open	Action	03/29/18

Subject: Modifying Annual Salary Increases for the Management and Confidential Employee Group (MCEG) Employees

ISSUE

Whether to adopt an alternative compensation plan to the “ Pay for Performance Merit Increase” for employees in the Management and Confidential Group (MCEG) classifications for Fiscal Year (FY) 2019.

RECOMMENDED ACTION

Adopt Resolution No. 18-04___, Adopting an Alternative Pay Plan to the “Pay for Performance Merit Increases” for Employees in the Management and Confidential Employee Group (MCEG) Classifications for FY 2019.

FISCAL IMPACT

Budgeted:	Yes	This FY:	\$	N/A
Budget Source:	Operating	Next FY:	\$	279,517.00
Funding Source:	Operating	Annualized:	\$	279,517.00
Cost Cntr/GL Acct(s) or	Various	Total Amount:	\$	279,517.00
Capital Project #:				
Total Budget:	\$ 279,517.00			

DISCUSSION

While the Sacramento Regional Transit District (SacRT) made strides toward economic stability in 2017 and 2018, it is understood that more still needs to be done to create a solid fiscal foundation for its future. Based upon year-to-date trends and projections, it is anticipated that by the end of FY 2018 SacRT will be able to add to operating reserves. This continues a trend that started last year where SacRT added \$2.2 million to its reserve. However, operating reserves are still below the best practice amount of two to three months. It is imperative that we continue to make strides in meeting this amount as it will help us to improve our credit rating, lower line-of-credit usage and related costs and react quickly when emergencies or unanticipated events occur.

As we prepare to enter a new Fiscal Year, in order to sustain salary and benefits for all employees in a fair and equitable manner, to maintain our competitive standing within the transit industry and to prepare for revenue stream challenges, we must seek cost savings from a variety of sources.

Maintaining this focus on the future, staff recommends that the Board approve an alternative to the Pay for Performance merit increases for the approximately 80 employees in MCEG classifications for FY 2019. Without this modification, employees designated MCEG who meet the

Approved:

Presented:

Final 04/03/18

General Manager/CEO

Director, Labor Relations

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
7	04/09/18	Open	Action	03/29/18

Subject: Modifying Annual Salary Increases for the Management and Confidential Employee Group (MCEG)

basic performance criteria would be entitled to annual merit increases of 5% based upon previous Board action as reflected in the language currently in Section 8.04 Salary Adjustments of the Personnel Rules and Procedures (PRP). The proposed modification would reduce the annual merit increases for FY 2019 from 5% to 3%. The Office of Management and Budget has calculated that this modification directly would result in lower salary costs in the amount of \$184,234 for the MCEG employees. The additional associated reduction of salary related costs such as retirement contributions and FICA represent another approximately 40% of that amount. At this juncture, it would not apply to the approximately 30 employees designated Administrative Employees Association (AEA) who are also covered by the PRP as a negotiated agreement between SacRT and AEA.

Concurrently, Management proposes crediting each affected employee with 4 days of paid personal leave to be taken off during FY 2019 as an alternate form of compensation for the 2% reduction in the value of anticipated annual merit increases. The personal leave would not be charged against other leave balances and would not accumulate if not used. Guidelines for the administration of this special leave program are attached hereto as Attachment 1 and will be distributed to all affected employees following adoption of the attached resolution by the Board.

Adopting the proposed modification will lead the way for additional attempts to contain personnel costs during FY 2019 as three other groups of employees with contract language specifying the 5% annual increases, American Federation of State, County and Municipal Employees (AFSCME) Admin/Technical, AFSCME Supervisory and AEA, have been asked to consider amendments to their contracts implementing the same modification. The 3% limit on the annual increases is consistent with the negotiated annual wage increases previously adopted by the Board for the Amalgamated Transit Union (ATU) and International Brotherhood of Electrical Workers (IBEW) bargaining units.

Attachment 1
IMPLEMENTATION GUIDELINES
SPECIAL PERSONAL LEAVE (SPL) FOR MCEG DESIGNATED EMPLOYEES
(FY 2019)

1. Effective 07/01/2018, each employee in a position designated in the Management and Confidential Employee Group (MCEG) will be credited with 4 days of "special personal leave" (SPL).
2. The SPL will be credited in a leave bank separate from all other leaves.
3. Employees are required to take SPL in 4 or 8 hour increments during Fiscal Year (FY) 2019.
4. SPL may be combined, in 4 hour increments with vacation or sick leave, where applicable, to facilitate a full day off.
5. FLSA exempt employees will not be permitted to combine SPL with unpaid hours during the same work day.
6. Employees must follow existing department protocols for requesting and scheduling time off in using SPL.
7. Employees who work on an approved Alternate Work Schedule (AWS) will be required to supplement SPL with vacation hours to cover 9 or 10 hour work day absences.
8. SPL will not carry over beyond the end of FY 2019, June 30, 2019, and must be scheduled and used on or before that date. Except as provided in paragraph 11, employees will not be permitted to cash out SPL.
9. Employees must use available SPL for approved absences prior to the use of vacation or floating holidays. At the discretion of the employee, SPL may be used in lieu of sick leave for an absence due to illness or injury.
10. Management reserves the right to schedule SPL prior to June 30, 2019 in the event that an employee has not taken reasonable steps to do so.
11. In the event that an employee separates prior to using the SPL during FY 2019, if practicable, the separation date will be extended by the amount of unused SPL and the employee excused from working that time. If the effective date of retirement benefits or other compelling consideration precludes extension of the separation date, the employee will receive pay for unused SPL in the final payout.

Please direct questions regarding SPL to Stephen Booth, Director, Labor Relations.

RESOLUTION NO. 18-04-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

April 9, 2018

ADOPTING AN ALTERNATIVE PAY PLAN TO THE “PAY FOR PERFORMANCE MERIT INCREASES” FOR EMPLOYEES IN THE MANAGEMENT AND CONFIDENTIAL EMPLOYEE GROUP (MCEG) CLASSIFICATIONS FOR FY 2019

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the “Pay for Performance Merit Increase” for employees in the Management and Confidential Employee Group (MCEG) be modified for FY 2019, whereby the percentage merit pay increase is reduced from 5% to 3%.

THAT, effective July 1, 2018, employees in the MCEG be credited with four days of paid personal leave to be used within FY 2019 without subsequent accrual or carryover.

THAT, the General Manager/CEO is hereby authorized and directed to implement the modifications to the Personnel Rules of Procedure as described above.

PATRICK KENNEDY, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary