



April 2, 2014

TO: Board of Directors

FROM: Steve L. Rosenberg 
Director of Finance and Administration

SUBJECT: Consider Approval of Changes to GCT Non-Represented Salary Ranges and Changes to the GCT Personnel Rules Implementing Employee Contribution to the Employee Portion of the CalPERS Pension Plan for all GCT Non-Represented Employees

I. Discussion

The past five years have been fiscally challenging for virtually all California public agencies. Most public employees went with little or no wage increases during that period, and GCT's employees are no exception. GCT's represented employees last received a general wage increase in November 2009. Salary ranges for GCT's non-represented workforce have not been increased since January 2009 and GCT's non-represented employees have not had a general salary increase since February 2009.

While state Transportation Development Act funds, GCT's largest funding source, have not recovered to pre-recession levels, TDA-generated Local Transportation Funding allocated to GCT's members has increased 32% over the recession-era low point in FY 2009-10. Many local public entities have recently provided modest wage increases to their employees. With limited funding sources, GCT will need to continue to operate in a lean manner, and like other public entities, GCT will not be able to make up for five years of no increases. Staff recommends at this time that the patience, dedication and hard work of GCT's employees be acknowledged with a modest wage increase and a one-time bonus.

At the same time, GCT must look at its pension compensation structure and understand that the days of public entities paying for 100% of both the employer portion and the employee portion are fading into the past. Today GCT pays 100% of the 8% employee portion for employees hired before November 2, 2011. Employees hired after that date already pay 4% of the 8% employee portion. Staff recommends that GCT initiate the process of gradually shifting the obligation for the employee portion of the pension contribution from the agency to all of its employees.

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Consider Approval of Changes to GCT Non-Represented Salary Ranges and GCT Personnel Rules

Negotiations with SEIU 721, which represents GCT's represented employees, have been ongoing since October 28, 2013. GCT at this time is positioned to address these recommendations for its non-represented employees.

Staff recommends that the Board approve an increase of 3.5% to all non-represented salary ranges, effective immediately. Staff also recommends that the Board approve a revision to the GCT Personnel Rules that, phased-in over a three year period, will result in all GCT non-represented employees paying 6% of the 8% employee portion of the CalPERS pension by July 2016. Employees hired before November 2, 2011 will begin paying 2% of the 8% employee portion of the CalPERS pension effective July 6, 2014; effective July 2015 all non-represented employees will pay 4%, and effective July 2016 all non-represented employees will pay 6%. Should current litigation regarding the PEPRA law determine PEPRA to be applicable to transit employees, employees considered "new" under the PEPRA rules would pay the employee portion in accordance with PEPRA. The Personnel Rules change is included as Attachment "A" to this report.

These Board approvals will allow management to implement the following actions:

- 1) Effective April 13, 2014, every non-represented employee except the General Manager will receive a 2% salary increase.
- 2) On or before April 30, 2014, all full-time non-represented employees on the active payroll as of April 2, 2014 except the General Manager will receive a one-time bonus of \$1,000. One part-time non-represented employee will receive a one-time bonus of \$500.
- 3) Effective July 6, 2014, all non-represented employees will receive a 1.5% wage increase, which is intended to offset the 2% share of the 8% employee portion of the CalPERS pension which non-represented employees hired before November 2, 2011 will begin to pay at the same time. The General Manager is included in this change. It is expected that similar actions will be taken in July 2015 and July 2016.

II. FISCAL IMPACT

The most recent change to GCT's non-represented salary ranges were approved by the Board in January 2009, and the last general salary increase for GCT's non-represented employees was in February 2009. The proposal to increase all salary ranges is necessary to implement a salary increase because three GCT employees are either at or very close to the range maximum.

The annualized cost of providing a 2% general increase to current non-represented employees is just over \$39,000. The one-time bonus will cost \$28,500. The additional 1.5% increase proposed for July 2014 to offset requiring employees hired before November 2011 to pay 2% of the employee portion of their pension cost will

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have little to no net cost, as the two coincident actions are approximately revenue neutral to GCT.

The revised salary ranges are as follows:

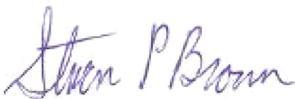
Position	Current Annual Salary Ranges			Proposed Annual Salary Ranges		
	Minimum	Maximum	Midpoint	Minimum	Maximum	Midpoint
General Manager	\$ 119,700	\$ 167,600	\$ 143,700	\$ 123,900	\$ 173,500	\$ 148,700
Director, Finance & Administration	93,000	130,200	111,600	96,300	134,800	115,600
Director, Fleet and Facilities	81,200	113,800	97,500	84,000	117,800	100,900
Director, Planning and Marketing	81,200	113,800	97,500	84,000	117,800	100,900
Director, Transit Operations	81,200	113,800	97,500	84,000	117,800	100,900
Director, Human Resources	81,200	113,800	97,500	84,000	117,800	100,900
Facility Project Manager	81,200	113,800	97,500	84,000	117,800	100,900
Maintenance Supervisor	55,600	77,800	66,700	57,500	80,500	69,000
Maintenance Admin. Supervisor	55,600	77,800	66,700	57,500	80,500	69,000
Human Resources and Risk Manager	62,300	87,300	74,800	64,500	90,400	77,500
Purchasing Manager/DBE Officer	58,800	82,300	70,600	60,900	85,200	73,100
Buyer	47,000	65,800	56,400	48,600	68,100	58,400
Paratransit and Special Projects Manager	58,800	82,300	70,600	60,900	85,200	73,100
Communications and Marketing Manager	58,800	82,300	70,600	60,900	85,200	73,100
Transit Planner I	47,000	65,800	56,400	48,600	68,100	58,400
Transit Planner II	58,800	82,300	70,600	60,900	85,200	73,100
Transit Planning Manager	58,800	82,300	70,600	60,900	85,200	73,100
Transit Planner, Second Tier *	36,900	51,600	44,300	38,200	53,400	45,800
Transit Supervisor	48,100	67,300	57,700	49,800	69,700	59,800
Operations Safety & Training Officer	48,100	67,300	57,700	49,800	69,700	59,800
Accounting Manager	61,000	85,300	73,200	63,100	88,300	75,700
Office Manager	45,400	63,600	54,500	47,000	65,800	56,400
Payroll and Benefits Specialist	45,400	63,600	54,500	47,000	65,800	56,400
Administrative Analyst	45,400	63,600	54,500	47,000	65,800	56,400
Dispatch and Revenue Control Specialist	43,300	60,600	52,000	44,800	62,700	53,800

* Position limited to less than 1,000 hours per year.

III. SUMMARY AND RECOMMENDATIONS

IT IS RECOMMENDED that the Board of Directors approve a 3.5% increase to GCT’s Non-Represented Salary Ranges and approve changes to the GCT Personnel Rules implementing employee contribution to the employee portion of the CalPERS pension plan for all GCT non-represented employees.

Concurrence:



Steven P. Brown
General Manager

Attachments

ATTACHMENT "A"

SECTION 8: RETIREMENT

A. This section will apply to non-represented employees who have an appointment that would normally work over 1,000 hours in a 12-month period.

B. For employees hired into the CalPERS system or a reciprocal pension system (as defined by CalPERS) on or before December 31, 2012 who qualify as "classic employees" in accordance with CalPERS policies, the retirement program for GCT is the CalPERS 2.7% @ 55 full and supplemental formula for local miscellaneous members. The retirement program for GCT includes the 1959 Survivor Benefit Level IV, for which the employee is responsible for paying the premium.

1. Effective November 2, 2011 ("conversion date"), employees whose current employment with GCT began on or after the conversion date will be considered "recent employees" for purposes of this section. Employees whose current employment with GCT began before the conversion date will be considered "prior employees" for purposes of this section.

For "prior employees," GCT shall contribute to the California Public Employees' Retirement System (CalPERS) the employee contribution portion for the 2.7% @ 55 full and supplemental formula for local miscellaneous members. Effective July 6, 2014, "prior employees" shall contribute toward the employee contribution portion 2% of covered wages and GCT will pay 6% of covered wages; Effective July 5, 2015, "prior employees" shall contribute toward the employee contribution portion 4% of covered wages and GCT will pay 4% of covered wages; Effective July 3, 2016, "prior employees" shall contribute toward the employee contribution portion 6% of covered wages and GCT will pay 2% of covered wages

For "recent employees," GCT and the employee shall each contribute to the California Public Employees' Retirement System (CalPERS) a share of the employee contribution portion for the 2.7% @ 55 full and supplemental formula for local miscellaneous members, in accordance with Section B.2 of this section.

2. For "recent employees" the employee shall contribute toward the employee contribution portion 4% of covered wages and; Employer pays GCT will pay 4% of covered wages; Effective July 3, 2016, "prior employees" shall contribute toward the employee contribution portion 6% of covered wages and GCT will pay 2% of covered wages

3. For any fiscal year in which GCT's employer contribution to the California Public Employees' Retirement System retirement program referenced in Section A of this article is 10% or less of covered wages, the "recent employees" employee contribution share percentage will be reduced from 4% of covered wages by the difference. *(Example: If GCT's employer contribution were 9.25%, the "recent employees" employee contribution share percentage would drop by .75% [10%-9.25%]; this would make the "recent employees" employee contribution 3.25% [4%-.75%.])*

C. For employees hired on or after January 1, 2013 who do not qualify as "classic members" in accordance with CalPERS policies, the retirement program for GCT is the CalPERS 2% @ 62 full and supplemental formula for local miscellaneous members. The retirement program for GCT includes the 1959 Survivor Benefit Level IV, for which the employee is responsible for paying the premium.

Employees in this plan are responsible for paying a portion of the 8% full employee contribution portion member contribution equal to 50% of the total normal cost rate for the CalPERS 2% @ 62 full and supplemental formula for local miscellaneous members, to a maximum of 8%. GCT will pay the remainder of the 8% member contribution.

As of January 2, 2013, 50% of the total normal cost rate for the CalPERS 2% @ 62 full and supplemental formula for local miscellaneous members was equal to 6.25%.

ATTACHMENT "A"

GCT acknowledges that all GCT employees covered by this section are considered transit employees as defined in California Government Code section 7522.02, and GCT will abide by the provisions set forth in Government Code section 7522.02 pending resolution of the judicial actions contemplated in Government Code section 7522.02.

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