



ORDINANCE NO. 27636

1 AN ORDINANCE relating to pay and compensation; providing for additional forms
2 of compensation and benefits, removing certain limits on compensation and
3 benefits, authorizing additional severance benefits, authorizing additional
4 incentives for the commute trip reduction program, adding reporting
5 requirements; and amending Sections 1.12.110, 1.12.115, 1.12.116,
6 1.12.250, and 1.12.640 of the Tacoma Municipal Code.

7 WHEREAS the City's Pay and Compensation Plan ("Plan") is intended to
8 provide a flexible, well-understood set of compensation tools that will facilitate
9 successful recruitment and retention of employees, and

10 WHEREAS City staff has recommended that a set of additional tools that
11 have become common in the marketplace for the recruitment and retention of
12 key qualified employees with specialized skills should be added to the Plan and
13 certain restrictions on adjusting wages within established salary limits be
14 removed from the Plan to facilitate successful recruitment and retention of
15 employees on an as-needed basis, and

16 WHEREAS, in order to achieve the goals of the Program, the City's and
17 state's Commute Trip Reduction Programs recommend the use of incentives in
18 addition to the jurisdiction's reimbursement of certain costs, and

19 WHEREAS an increased level of reporting to the City Council will assist
20 in providing accountability for the use of these additional compensation tools,
21 and

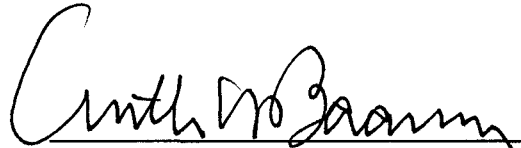
22 WHEREAS, on June 13, 2007, the Government Performance and Finance
23 Committee reviewed and provided a do pass recommendation for changes to
24 Chapter 1.12 of the Tacoma Municipal Code proposed by City staff to facilitate
25 successful recruitment and retention of employees; Now, Therefore,
26



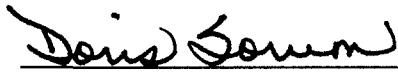
BE IT ORDAINED BY THE CITY OF TACOMA:

Section 1. That Sections 1.12.110, 1.12.115, 1.12.116, 1.12.250, and
1.12.640 of the Tacoma Municipal Code be amended as set forth in Exhibit "A."

Passed JUL 31 2007


Mayor

Attest:


City Clerk

Approved as to form:


Assistant City Attorney



EXHIBIT "A"

1.12.110 Other official expenditures.

In addition to the prescribed rates of pay and other allowances provided for in this chapter, officers, employees, and volunteers of the City shall be entitled to the payment of or reimbursement for the following classes of official expenditures:

A. Transportation, lodging, meals, and other related expenditures which may lawfully be incurred by officers, employees, and volunteers of the City when approved by the City Manager or the Director of Utilities, as applicable, within or without the City:

1. For purposes which generally promote, develop, or publicize the City's best interests, including sales promotional and institutional activities of its municipal utilities;

2. For incurred expenditures associated with attendance at sessions of the Washington State Legislature or in connection with appearing before or conferring with any individual, group, or committee of state legislators or other persons at Olympia or elsewhere for the purpose of presenting data, exchanging information, and otherwise consulting on matters of mutual concern in the development of intergovernmental understanding and cooperation, for the proper evaluation of legislative programs affecting the municipalities, and for such other purposes as may promote or tend to promote the best interests and general welfare of the City;

3. For coffee, nonalcoholic beverages, and refreshments of de minimis value at City meetings attended by City officials, employees, and/or the public, at which City business matters are the primary matters of discussion, consistent with the written policies adopted by the City Manager or Director of Utilities, as applicable.

B. The cost of meals lawfully incurred on behalf of or by City personnel within the City or at other normal areas of employment while they are conferring, consulting, or otherwise meeting with non-City specialists, technicians, executives, or others for purposes generally associated with the routine official duties of such personnel where not otherwise covered by other provisions of this chapter.

C. The City shall pay the cost of premiums or fees for:

1. Trip Travel Life insurance covering each employee, officer, and official of the City for an amount not to exceed \$100,000 each, payable to the beneficiary named by the insured, while traveling on City business authorized by competent authority. All benefits are subject to the terms and conditions of the applicable policy.

2. Policies of insurance or self-insurance retention insuring the Police Chief and all duly commissioned police officers of the City of Tacoma against false arrest.

3. Policies of insurance or self-insurance retention insuring City employees while driving City vehicles operated in any municipal capacity against liability for bodily injury and property damage resulting from said operation.

4. Policies of insurance or self-insurance retention insuring Fireboat Pilots and relief pilots while operating the City's fireboat against liability for bodily injury and property damage resulting from said operation.

5. The cost of such additional driver's license endorsement and examination fees as may be required for City employee drivers of certain types of heavier motor vehicle equipment, as may be specified by the Director, Washington State Department of Motor Vehicles, pursuant to Chapter 20, Laws of 1967, Extraordinary Session.



6. Policies of insurance or self-insurance retention insuring the City against claims arising out of the ownership, maintenance, or use of City-owned facilities and property and including coverage for City employees for claims arising out of their employment by the City.

D. Whenever the qualified appointing authority of the City of Tacoma may determine that in order to secure the services of any person not residing within the Tacoma area as an employee of the City of Tacoma, it is necessary to pay the cost of moving the household goods and personal effects of such person from his or her place of residence to the City of Tacoma upon his or her appointment to City service, and/or to provide temporary lodging expenses not to exceed six months for such person until such person can move his or her place of residence to the City of Tacoma upon his or her appointment to City service, and/or to provide a temporary housing cost supplement to mitigate a significant increase in the cost of comparable housing for such person who moves his or her place of residence to the City of Tacoma upon his or her appointment to City service, such supplement not to exceed 80 percent of the increase in median housing cost and not to exceed three years, then payment of reasonable and necessary moving costs, lodging costs, or housing cost supplement may be made from appropriate available maintenance and operation funds in the City's annual budget, upon the recommendation of the appointing authority and the approval of such an expenditure by the City Manager, ~~or~~ Director of Utilities, or Public Utility Board. An annual report showing the recipients of all benefits granted under this provision shall be submitted to the City Council in the month of December of each year.

E. Whenever the Council finds that in selecting personnel to fill positions in the City of Tacoma requiring special experience and training to qualify for such positions it becomes necessary, in order to insure selection of the most qualified applicant, that applicants for such positions be personally interviewed, and that in certain cases the expense to the City of sending members of boards, commissions, and other officers of the City to various localities for the purpose of conducting such interviews exceeds the cost to the City government of providing that the interviews be had in the City of Tacoma at the City's expense and that the payment by the City of the necessary travel and subsistence expenses for a limited number of applicants to be brought to the City will result in a saving or expense to the City in the outlay of travel and subsistence expenses or in the time which would be lost by reason of regular officers or employees of the City conducting the interviews elsewhere. The Council further finds that in such cases the payment by the City of the travel and subsistence expense of applicants requested to come to the City of Tacoma for interview is a proper municipal expense and for a proper municipal purpose.

In order to make a proper determination of the facts in cases where authority is requested to bring in applicants for any position in the City of Tacoma at the City's expense, the City Manager as to the filling of all positions in the general City government, and the Director of Utilities as to the filling of all positions under the jurisdiction of the Department of Public Utilities, be and are hereby authorized to determine the facts, and upon approval by the City Manager or the Director of Utilities, as the case may be, based upon a determination that the payment by the City of the expenses of bringing a limited number of applicants to the City of Tacoma for interview is necessary to make possible the selection of the best available applicant for a position involving special skill and experience to properly discharge the duties thereof, and that the payment of the expense of bringing said applicants to the City is less than the expense and loss to the City in sending its officers, commissions, or boards to conduct said interview elsewhere, and that funds for the payment of such expenses are lawfully available, payment therefor shall be considered as approved by the City Council and shall be paid from the fund to which said expenses are properly chargeable.

F. In addition to the City paying the cost of premiums or fees for general liability insurance as otherwise set forth in this chapter, where the City has acquired insurance coverage on a self-insurance retention basis, in lieu of paying full coverage, premiums, or fees, for policies of general liability insurance insuring the City against claims arising out of the ownership, maintenance, or use of City-owned facilities and property, and including coverage for City employees for claims arising out of their employment by the City, the City may upon timely notice and in appropriate factual situations, subject to the approval of the City Attorney, pay the cost of such claims incurred, and for claims settlement service, as do not exceed the self-insurance coverage limits required in conjunction with the overriding provisions of such policies.



1 G. In order to encourage a greater number of City employees to use public transportation and, therefore,
2 benefit the City by conserving fuel resources, roads, and parking spaces, the proper officials of the City
3 are authorized to subsidize permanent, project, appointive, temporary pending exam, and temporary City
4 employees' and volunteers' monthly public transportation tokens, passes, and authorized van pools, by
5 paying per month up to the full price of said monthly public transportation or the IRS tax exempt benefit
6 limit (whichever is less); provided, however, that this shall not apply to commissioned Police Department
7 and Fire Department personnel. The proper City officials are authorized to provide passes or
8 appropriately reimburse said City employees in order to implement this City employee public
9 transportation subsidy program. Additionally, the proper officials of the City are authorized to provide
10 cash and other in-kind incentives as part of an adopted Commute Trip Program.

11 H. Whenever the City Manager, ~~or the Director of Utilities,~~ or the Public Utility Board determines that, in
12 order to secure or retain key qualified personnel possessing specialized technical or professional skills for
13 unrepresented positions, it is necessary to offer said individuals additional compensation, benefits, or
14 both, then the City Manager, ~~or the Director of Utilities,~~ and the Public Utility Board shall each have
15 discretion to authorize the payment of up to an annual total of \$100,000 in additional compensation,
16 benefits, or both. Such compensation, benefits, or both under this provision of this paragraph shall be
17 limited to a maximum of \$15,000 per employee per year; provided, that payment can lawfully be made
18 from funds appropriated in the current biennial budget of the employing department. In addition, the City
19 Manager, City Council, the Director of Utilities, and the Public Utility Board shall each have discretion to
20 authorize the payment of severance benefits associated with an employment agreement in the event of
21 termination without cause, in order to secure or retain key qualified personnel possessing specialized
22 technical or professional skills for unrepresented positions up to the limits of their delegated contracting
23 authority in the case of the City Manager and Director of Utilities, and up to an amount corresponding to
24 one year of salary in the case of the City Council and the Public Utility Board. An annual report showing
25 the recipients of all severance, compensation, and benefits, or both, granted under this provision shall be
26 submitted to the City Council in the month of December of each year.

1 I. Whenever the City Manager or the Director of Utilities identifies positions for elimination as part of
2 departmental reorganization, streamlining, elimination of duplication, or other such efforts, the City
3 Manager or the Director of Utilities also shall each have discretion to authorize the payment of severance
4 benefits up to the limits of their delegated contracting authority; provided, that payment can lawfully be
5 made from funds appropriated in the current biennial budget of the employing department. An annual
6 report showing the recipients of all severance benefits granted under this provision shall be submitted to
7 the City Council in the month of December of each year.

8 J. The City Council may, as part of an employment agreement, authorize payment of a car allowance for
9 the City Manager.

10 **1.12.115 Deferred compensation.**

11 A. The City will match the deferred compensation contribution of police personnel in the classes of
12 Police Officer, Police Detective, and Police Sergeant to a maximum City contribution of \$192 per pay
13 period.

14 B. The City will match the deferred compensation contribution of fire personnel represented by
15 Firefighters' Union, Local 31, up to a maximum of \$192 per pay period.

16 C. The City will match the deferred compensation of fire and police personnel in the classifications of
17 Assistant Fire Chief, Deputy Fire Chief, and Assistant Police Chief, up to a maximum contribution of
18 \$217 per pay period.

19 D. The City will match the deferred compensation of police personnel in the classifications of Police
20 Captain and Police Lieutenant up to a maximum contribution of \$204.50 per pay period.

21 E. In order to provide financial incentive to secure or retain key management personnel in unrepresented
22 positions, the City may contribute amounts as employer contributions to the City's Internal Revenue



Code ("IRC") Section 457(f)(1) Deferred Compensation Plan, or, ~~through June 1, 2000,~~ may contribute amounts to the City's IRC Section 457 Deferred Compensation Plan, except as otherwise provided in TMC 1.12.115(E) or 1.12.640. Any such contributions to the IRC Section 457 Plan will comply with all applicable provisions of IRC Section 457. The terms and conditions applicable to contributions to the Section 457(f)(1) Deferred Compensation Plan shall be as set forth in the Plan and the applicable deferral agreement with the employee. All IRC Section 457 or Section 457(f)(1) contributions benefiting the City Manager or the Director of Utilities shall be approved by the City Council or the Public Utilities Board, respectively, and shall be subject to applicable IRC limits; provided, however, that any contributions benefiting the Director of Public Utilities shall be subject to prior recommendation by the Public Utility Board. Any IRC Section 457 or IRC Section 457(f)(1) contributions benefiting any other unrepresented key management personnel of the City of Tacoma shall be at the discretion of the City Manager or the Director of Utilities, subject to their delegated contracting limits and applicable IRC limits. An annual report showing the contributions granted under this provision shall be submitted to the City Council in the month of December of each year.

F. The City will match the deferred compensation contribution of Belt Line personnel covered by the Federal Railroad Retirement Act in the classifications of Administrative Secretary (CSC 0023) to a maximum City contribution of 7.38 percent; of Utilities Director, Deputy, Belt Line Superintendent (CSC 0830) to a maximum City contribution of 9.0 percent; and Railway Roadmaster (CSC 7126) to a maximum City contribution of 7.26 percent of the base salary; provided, however, that as to any personnel hired after the effective date of the ordinance codified in this section, the City will match the deferred compensation contribution of Belt Line personnel in the classifications of Administrative Secretary (CSC 0023); Utilities Director, Deputy, Belt Line Superintendent (CSC 0830); Railway Roadmaster (CSC 7126); Belt Line Rail Superintendent, Assistant (CSC 7152); and Belt Line Supervisor of Operations (CSC 7127) to a maximum contribution of 3 percent; and, provided further, that all contributions are subject to the limitations of the IRC maximum contribution requirements for Section 457 plans.

1.12.116 Supplemental benefit plans.

A. Union Sponsored Plans. The City of Tacoma may contribute funds to benefit and supplemental pension plans, if otherwise permitted under the law, including, but not limited to, union-sponsored pension plans, in accordance with the terms of any duly signed and authorized collective bargaining agreement or addendum thereto between the City of Tacoma and the recognized bargaining representatives of any City employees, or in accordance with the terms of any pay and compensation ordinance approved by the City Council on behalf of unrepresented employees.

B. Defined Contribution Plan. In order to provide a financial incentive to secure or retain key management personnel in unrepresented positions, the City may establish and contribute amounts as employer contributions to an Internal Revenue Code Section 401 defined contribution plan on behalf of said employees. Any such defined contribution plan will comply with all applicable provisions of the Internal Revenue Code. The terms and conditions of the defined contribution plan shall be approved by the City Council. Defined contribution plan contributions benefiting the City Manager or the Director of Public Utilities shall be approved by the City Council or the Public Utilities Board, respectively, and shall be subject to applicable IRC limits; provided, however, that any contributions benefiting the Director of Public Utilities shall be subject to prior recommendation by the Public Utility Board. Defined contribution plan contributions benefiting any other unrepresented key management personnel of the City of Tacoma shall be at the discretion of the City Manager or the Director of Public Utilities, subject to their delegated contracting limits and applicable IRC limits. An annual report showing the contributions granted under this provision shall be submitted to the City Council in the month of December of each year.

C. Post-Employment Health Savings. The City of Tacoma may establish a plan, to the extent permitted by law, to provide a means for employees to establish a savings plan to fund eligible post-employment health expenses. Said plan may provide for funding by employer contributions when pursuant to a duly



signed and authorized collective bargaining agreement, or by employee elected contributions. Any established post-employment health savings plan shall comply with applicable rules and/or provisions of the Internal Revenue Service. The terms and conditions of the post-employment health savings plan shall be approved by the City Council.

...

1.12.250 Leave with pay.

A. Military leave with pay. Every officer and employee of the City who is a member of the Washington National Guard or of the Army, Navy, Air Force, Coast Guard, or Marine Corps Reserve of the United States, or of any organized reserve or armed forces of the United States, shall be entitled to and shall be granted military leave of absence from such employment for a period not exceeding 15 work days (regardless of length of scheduled shift) during each year beginning October 1 and ending the following September 30. Such leave shall be granted in order that the person may take part in active duty or active training duty in such manner and at such time as he or she may be ordered to active duty or active training duty. Such military leave of absence shall be in addition to any vacation or sick leave to which the officer or employee might otherwise be entitled, and shall not involve any loss of efficiency rating, privileges, or pay except as provided herein. During the period of military leave, with the exception of emergency and temporary employees, the officer or employee shall receive from the City his or her normal pay.

Where the number of days of active duty or active training duty exceeds 15 work days, the period granted as leave with pay will in each case be the first 15 work days of such active duty or active training duty period. The additional time needed for completion of active duty or active training duty and for travel time must be accounted for as vacation time, compensatory time off or leave without pay.

Upon receipt of his or her written orders for active duty or active training duty, the employee must immediately submit a copy of such orders to his or her department head. A copy of said orders will then be forwarded to the Human Resources Department. The employee, upon his or her return to City employment, must submit to his or her department head a certified true copy of his or her military orders showing the date he or she reported for, and the date of his or her release from active duty or active training duty. The employee's normal regular salary as provided herein shall continue during the approved period of absence subject to receipt of this certified true copy upon his or her return.

B. Jury Duty. A regularly employed full time employee of the City shall be granted leave of absence at his or her normal regular pay if called for jury duty. Any compensation derived from such jury duty shall be deducted from the gross pay due the employee for that period; provided however, in the event the daily payment for jury duty exceeds the amount of compensation an employee would have received from the City during his or her required absence on said day, there shall be no such deduction for compensation from jury duty and the employee shall be compensated at his or her normal hourly rate of pay for the time worked on said day.

C. Administrative Leave.

1. In extraordinary circumstances, where the appointing authority finds that an employee's continued presence at the work site could have detrimental consequences or cause public harm, such employee may, at the direction of the appointing authority and with the approval of the Human Resources Director, be placed on administrative leave with his or her normal regular pay. The appointing authority shall notify the employee of the reason(s) for the administrative leave and any related restriction(s) while on leave. Additionally, the appointing authority shall follow up with a written notification to the employee within the next two business days and forward the same to the Human Resources Director.

2. At the discretion of a department head, the City Manager, the Director of Utilities, or the Public Utility Board, an employee in overtime Category D or E (overtime exempt) may be granted administrative leave in full day increments at his or her normal regular pay. An annual report showing the administrative leave granted by the City Manager, Director of Utilities, and Public Utility Board shall be submitted to the City Council no later than December 31 of each year.



1 D. In reference to subsections A and B above, an employee shall be paid at the rate for the classification
2 in which he or she was working on the day before the leave.

3 E. Active Duty Differential Payment. Every eligible permanent, appointive, temporary pending exam,
4 and project officer and employee of the City who is now or may hereafter become a member of the
5 Washington National Guard or of the Army, Navy, Air Force, Coast Guard, Marine Corps Reserves of the
6 United States, or of any organized reserves or armed forces of the United States who receives, or as of the
7 effective date of this subsection has received, written orders for active duty for a period exceeding 15 days
8 in any calendar year, shall be eligible to receive a payment equal to that portion of his or her City pay for
9 the classification held at the time such military service commenced that, in combination with such
10 compensation he or she receives for such military service on and after January 1, 2004, will equal his or
11 her regular duty City pay until such time as the employee returns from active military service.

12 To receive the active duty differential payment authorized by this subsection, the employee must
13 immediately submit to his or her department head a copy of such orders and a certificate as to, whether
14 subject to income tax or not, that the employee will receive from the military prior to actual deployment in
15 a manner and form as may be prescribed by the Director of Human Resources, and monthly thereafter. A
16 copy of said orders and certification as to compensation will then be forwarded to the Human Resources
17 Department. If an employee is unable to submit a copy of his or her orders for military or national
18 security purposes, evidence of all active military service compensation must be submitted as provided
19 herein.

20 In addition, medical, dental, and vision coverage provided for an eligible permanent, appointive,
21 temporary pending exam, or project officer and employee and his or her dependents shall continue,
22 subject to the same terms and conditions applicable to such coverage, for up to fifteen months following
23 the date the eligible employee is placed on an approved military leave of absence from his or her City
24 position when the employee is a member of the Washington National Guard or of the Army, Navy, Air
25 Force, Coast Guard, or Marine Corps Reserve of the United States, or of any organized reserve or armed
26 forces of the United States, and is ordered to active duty by the United States government.

The military differential payment authorized by this subsection shall not grant any right, benefit or interest
in employment or reemployment save that granted to employees under Chapter 43 of Title 38 of the
United States Code, and subsection A of this section, nor shall it be considered compensation to which
any employer or employee pension or deferred compensation rights or obligations shall attach.

1.12.640 Application of additional rates.

NRE Classifications within the executive salary plan are not eligible for longevity pay and are comprised
of all non-automatic steps, with progression based on market and/or an executive performance appraisal
conducted by the appropriate hiring authority. The executive salary plan includes the classifications of
Information Technology Director (CSC 0835); City Attorney (CSC 0715); City Manager (CSC 0747);
City Manager, Assistant (CSC 0746); Customer Services Manager (CSC 0616); Community and
Economic Development Director (CSC 0750); Energy Services Manager (CSC 0619); Finance Director
(CSC 0712); Fire Chief (CSC 0767); Generation Manager (CSC 2080); Hearing Examiner (CSC 0717);
Human Resources Director (CSC 0735); Human Rights/Human Services Director (CSC 0752); PAF
Director (CSC 0730); Police Chief (CSC 0772); Power Division Superintendent, Deputy (CSC 2081);
Power Manager (CSC 2075); Public Works Director (CSC 0757); Retirement Systems Director
(CSC 0560); Telecommunications Manager (CSC 5500); Transmission & Distribution Manager
(CSC 2079); Utilities Director (CSC 0822); Utilities Director, Deputy (CSC 0819); Utilities Director,
Deputy Power Superintendent (CSC 0825); Utilities Director, Deputy Rail Superintendent (CSC 0830);
and Utilities Director, Deputy Water Superintendent (CSC 0823).

~~For the classifications of Customer Services Manager; Energy Services Manager; Generation Manager;
Power Division Superintendent, Deputy; Power Manager; Telecommunications Manager; Transmission &
Distribution Manager; Utilities Director, Deputy; Utilities Director, Deputy Rail Superintendent; Utilities
Director, and Deputy Water Superintendent. During the 2005-2006 biennium, increases will be limited to~~



no more than one pay step. Thereafter, step increases are limited to no more than one step per year and will not exceed the corresponding market-based salary determined in the most recent survey.

For the classifications of Deputy Utilities Director, Power Superintendent, and Utilities Director: Effective January 1, 2006, incumbents in these two classifications shall enter the salary range at the step closest to his or her current rate of pay. No step adjustments may occur for either position until the 2007-2008 biennium at which time step increases are limited to no more than one step per year. Thereafter, step increases are limited to no more than one step per year and will not exceed the corresponding market-based salary determined in the most recent survey.



REQUEST FOR

☒ **ORDINANCE** ☐ **RESOLUTION**

Request #:

11463

Ord./Res. #:

27636

1. DATE: July 19, 2007

2. SPONSORED BY: COUNCIL MEMBER(S) N/A

3a. REQUESTING DEPARTMENT/DIVISION/PROGRAM City Manager's Office	4a. CONTACT (for questions): Rey Arellano	PHONE: 591-2500
3b. DO PASS FROM GPFC ☒ Yes (related to a majority) ☐ No ☐ Did not go before a Committee	4b. Person Presenting: Rey Arellano	PHONE: 591-2500
	4c. ATTORNEY: Anne Spangler	PHONE: 502-8218
 Department Director/Utilities Division	Budget Officer/Finance Director	 City Manager/Director Utilities

5. REQUESTED EFFECTIVE DATE: July 24, 2007

6. SUMMARY AGENDA TITLE:

Amendments to Municipal Code Sections 1.12.110, 1.12.115, 1.12.116, 1.12.250, and 1.12.640 to clarify and expand tools available to the City Council, City Manager, and Director of Public Utilities for effective recruitment and retention of key personnel and to provide tools consistent to that of other appointing authorities for the Public Utilities Board in their recruitment and retention of the Director of Public Utilities; removing certain limits on compensation and benefits, authorizing additional severance benefits, authorizing additional incentives for the commute trip reduction program; and adding reporting requirements.

7. BACKGROUND INFORMATION/GENERAL DISCUSSION:

The goal of the changes proposed is to provide a flexible, well understood set of compensation tools that will facilitate successful recruitment and retention of employees. These changes were discussed conceptually with the Government Performance and Finance Committee on December 6, 2006 and specific recommendations were submitted to the Committee on June 13, 2007. After requesting several changes that are reflected in the current recommendation, the Government Performance and Finance Committee provided the request with a do pass. Specifically, the changes:

- Provide the Utilities Board with tools for the recruitment and retention of the Director of Utilities that are consistent with the City Council, City Manager and Director of Utilities for their respective appointments.
- Provide tools to the Director of Utilities and City Manager that had been previously reserved for department directors.
- Describe conditions under which severance could be awarded.
- Articulate clearly what is permissive under each of the tools as well as limits in authority and corresponding reporting requirements.

The difficulty that has been experienced by both TPU and General Government in recruiting and retaining key personnel in today's tight job market has caused staff to seek these changes prior to the completion of the Classification and Compensation Study.

In addition to the changes requested by the Government Performance and Finance Committee, there are two changes proposed by the Legal Department:

- To provide clarity to the authority of the City Council regarding the City Manager's compensation: severance and car allowance.
- Adding a provision so that cash and in-kind incentives may be provided to employees as part of a recognized Commute Trip Reduction Program.

8. LIST ALL MATERIAL AVAILABLE AS BACKUP INFORMATION FOR THE REQUEST AND INDICATE WHERE FILED:

Source Documents/Backup Material	Location of Document	
Compensation Tool Change Table (City Mgr, Director of Utilities, and Utility Board authority)	Council Packet	11463 27636

9. FINANCIAL IMPACT: A. ☒ NO IMPACT (NO FISCAL NOTE)
B. ☐ YES, OVER \$100,000, Fiscal Note Attached
C. ☐ YES, UNDER \$100,000, (NO FISCAL NOTE) Provide funding source
information below:

The Financial Impact of the ordinance is unknown at this time, but future application of these tools will be absorbed into existing departmental funding.

FUNDING SOURCE: (Enter amount of funding from each source)

Fund Number & Name:	State \$	City \$	Other \$	Total Amount
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If an expenditure, is it budgeted? ☐ Yes ☐ No Where? Cost Center:
Acct #:

	Item	Dept. Directors	City Manager/Utilities Director	As proposed	Utility Board (for Utilities Director)	As proposed	Reporting Requirement
1	Additional Compensation*	No	\$15,000 per year, capped at \$100,000 (1.12.110.H)	No change	No	\$15,000 per year	Yes
2	Moving expenses	No	Reasonable & necessary (1.12.110.D)	No change	No	Reasonable & Necessary	Yes
3	Temporary lodging	No	Within "additional compensation" caps under 1.12.110.H	Up to 3 months reasonable & necessary	No	Up to 3 months reasonable & necessary	Yes
4	Temp. Housing Supplement	No	Within "additional compensation" caps under 1.12.110.H	80% of increase in comparable housing, up to 3 years	No	80% of increase in comparable housing, up to 3 years	Yes
5	Severance per Employment Agreement*	No	No	Up to contracting limits (\$50,000)	No	Up to 1 year	Yes
6	Severance for layoffs under a reorganization plan	No	No	Discretionary up to contracting limits (\$50,000)	No	No change	Yes
7	Administrative leave*	To exempt employees - no limit 1.12.250.C.2 (no reporting requirement to Council)	Within "additional compensation" caps under 1.12.110.H	To exempt employees with no limit	No	To Utilities Director with no limit	Yes
8	401- Defined contribution*	No	Up to contracting limits (\$50,000) (1.12.116) (but also subject to IRC of \$45,000)	No change	Only on Council approval	Yes, subject to IRC limit (currently \$45,000)	Yes
9	457 Deferred Comp**	No	No	Up to contracting limits (\$50,000), also subject to IRC limit of \$15,500	No	Yes, subject to IRC limit (currently \$15,500)	Yes
10	457f – Special deferred comp*	No	Up to contracting limits (\$50,000) (1.12.115), subject to applicable IRC limits	No change	Only on Council approval	Yes, subject to applicable IRC limits	Yes
11	Step Limit on Utility Executive Positions	N/A	Utilities Director authority limited to 1 step/year increase (N/A for City Manager)	Limitation removed, with increases governed by same criteria as all other executive positions: non-automatic step increases, with progression based on market and/or an executive performance appraisal conducted by the appropriate hiring authority	Authority limited to 1 step/year increase	Limitation removed, with increases governed by same criteria as all other executive positions: non-automatic step increases, with progression based on market and/or an executive performance appraisal conducted by the appropriate hiring authority	No

* Limited to unrepresented positions only, in order to secure or retain key management personnel

** This amount is considered "compensation" for purposes of TERS contributions

**City of Tacoma**

Office of the CIO

Memorandum

DATE: July 5, 2007

TO: Eric Anderson, City Manager
Mark Crisson, Director of Utilities

FROM: Rey Arellano, Assistant City Manager & CIO *Rey Arellano*

SUBJECT: Proposed Ordinance to Clarify and Expand Compensation Tools

Background

At the Government Performance and Finance Committee (GPFC) meeting on June 13, 2007, members of the GPFC reviewed and provided a "do pass" for staff recommendations regarding modifications to Sections 1.12.110, 1.12.115, 1.12.116, 1.12.250, and 1.12.640 of the Tacoma Municipal Code. The members of the committee requested several changes and for additional description of the changes to be submitted to the City Council along with the ordinance. This memo provides a complete description of the proposed ordinance changes that incorporates the requests of the GPFC.

Overview

One of the goals of the City of Tacoma's Pay and Compensation Plan ("Plan") is to provide a flexible, well-understood set of compensation tools that will facilitate successful recruitment and retention of employees. Currently, the Plan does not adequately accomplish this goal.

Some of the problems that have been identified and for which recommendations are presented include: the lack of specific authority to grant severance benefit; the lack of specific authority to authorize temporary housing expenses; the need for clarification of authority to grant contributions to Internal Revenue Code ("IRC") Section 457, 457(f)(1), and 401 Plans; unclear provisions for reporting requirements to the City Council; inconsistent authority between department heads and the City Manager and Director of Utilities to grant administrative leave; a provision that restricts the ability to meet market rate compensation within Tacoma Public Utilities in adjusting wages within established salary ranges; and insufficient authority for the Public Utility Board as compared to the City Council, Director of Utilities, and City Manager for its appointment of the Director of Utilities.

Specific authority for several additional tools that have become common and expected in the marketplace for the recruitment and retention of key qualified employees with specialized skills, are proposed to be added to the Plan to facilitate successful recruitment and retention of employees on an as-needed basis. In addition, the

proposed ordinance would increase the level of reporting to the City Council to provide accountability for the use of these tools.

Proposed Amendments

The proposed ordinance changes are designed to amend certain sections of Chapter 1.12 of the Tacoma Municipal Code (TMC) to address the problems identified above, and to increase the level of reporting to the City Council to provide accountability. The proposed ordinance is summarized below.

1. **Administrative Leave.** An amendment to TMC 1.12.250 would allow the City Manager, Director of Utilities and Public Utility Board to exercise the same authority as Department Directors to grant administrative leave.
2. **Public Utility Board Authority.** Amendments to TMC 1.12.110, 1.12.115 and 1.12.116 would allow the Public Utility Board to exercise the same authority as the Director of Utilities and City Manager to grant additional compensation or benefits, and contributions to Deferred Compensation and Defined Contribution Plans in order to secure or retain the Director of Utilities.

Under the amendments to TMC 1.12.110.H, the Public Utility Board could authorize up to \$15,000 in additional compensation, benefits, or both to the Director of Utilities. Under the amendments to TMC 1.12.115 and 1.12.116, the Public Utility Board could authorize employer contributions to the City's Internal Revenue Code ("IRC") Section 457 Deferred Compensation Plan, its Section 457(f)(1) Deferred Compensation Plan, and its Section 401 Defined Contribution Plan, subject to applicable limits imposed by the IRC. Currently those limits are approximately \$45,000 for the 401 Plan and \$15,500 for the 457 Plan. IRC limits applicable to the 457(f)(1) Plan would depend upon the circumstances of the recipient and the Plan.

3. **Temporary Housing Costs.** An amendment to TMC 1.12.110.D would allow authorization of temporary lodging and housing cost expenses when the City appointing authority determines that it is necessary in order to secure the services of a person not residing within the Tacoma area. If that person moves his or her place of residence to Tacoma upon appointment to City service, the proposed amendments authorize temporary lodging expenses, not to exceed six months, and/or a temporary housing cost supplement designed to mitigate a significant increase in the cost of comparable housing, such supplement not to exceed 80 percent of the increase in median housing cost, and not to exceed three years. Note that the Plan already authorizes the payment of moving expenses when the City appointing authority determines that it is necessary to secure the services of a person not residing in the Tacoma area.
4. **Severance as Recruiting/Retention Tool.** An amendment to TMC 1.12.110.H would allow the City Manager, Director of Utilities and Public Utility Board discretion

to authorize the payment of a severance benefit in the event of termination without cause, if it is contained in a written employment agreement. This benefit could only be used to secure or retain key qualified personnel with specialized technical or professional skills in an unrepresented position, and would be appropriately conditioned in the context of an employment agreement. The amount of this benefit would be limited to the delegated contracting authority of the City Manager or the Director of Utilities, which is currently \$50,000, or an amount corresponding to one year of salary in the case of the Public Utility Board.

Staff believes that this benefit can be a very significant factor in successfully recruiting a key candidate for a senior position as an incentive to leave an existing secure position.

5. ***Severance for Reorganization or Restructuring.*** A proposed new section "I" to TMC 1.12.110 would allow the City Manager and the Director of Utilities the discretion to authorize a different type of severance benefit in the event they undertake a reorganization or streamlining effort that eliminates a position. The amount of this benefit would be limited to the delegated contracting authority of the City Manager or the Director of Utilities, which is currently \$50,000.
6. ***Section 457 Deferred Compensation.*** A proposed amendment to 1.12.115.E would remove a limitation on providing employer contributions under the City's IRC Section 457 Deferred Compensation Plan. This incentive benefit would only be available to secure or retain key management personnel in unrepresented positions. The amount of the benefit is limited by the delegated contracting authority of the City Manager or Director of Utilities, and the applicable IRC limit, which currently is less than the delegated contracting authority.
7. ***Removal of One Step Per Year Limit on Utility Executive Positions.*** An amendment to TMC 1.12.640 would remove the one step per year limitation on the Utilities executive positions identified below. The one step per year limitation on these positions was enacted when salary ranges for these positions were modified to reflect a market study completed in 2005. The limitation was designed to phase in the increases needed to correct the significant disparity between prior salaries and the market survey. Because the top of the modified salary ranges reflect the market average, however, the limits have acted to delay or prevent the incumbents in these positions from reaching the market average. The removal of this limit will eliminate a barrier to retaining and recruiting key qualified employees in these positions. With the removal of this limit, increases for these positions will be governed by the same criteria as all other executive positions: non-automatic step increases, with progression based on market and/or an executive performance appraisal conducted by the appropriate hiring authority.

Below are the positions for which this limitation will be removed:

Customer Services Manager	Telecommunications Manager
Energy Services Manager	Transmission & Distribution Manager
Generation Manager	Deputy Utilities Director
Power Superintendent	Rail Superintendent
Deputy Power Superintendent	Water Superintendent
Power Manager	Utilities Director

8. ***Increased Reporting to the City Council.*** Currently, the Plan requires the City Manager and Public Utilities Director to submit annual reports to the City Council identifying additional compensation or benefits authorized specifically by Section 1.12.110.H (\$15,000 per employee, with a \$100,000 cap). The proposed amendments would expand the reporting requirement to moving expenses and temporary housing costs, severance benefits associated with employment agreements, severance benefits associated with reorganizations, and contributions to IRC Section 457, Section 457(f)(1) or Section 401 Plans.

By this Memorandum, staff requests your authority to seek City Council approval of the proposed ordinance. Please do not hesitate to contact me (x2500) if there are any questions.

cc: Mark Cassidy, Interim Human Resources Director
Elizabeth Pauli, City Attorney

Attach.

	Item	Dept. Directors	City Manager/Utilities Director	<i>As proposed</i>	Utility Board (for Utilities Director)	<i>As proposed</i>	Reporting Requirement
1	Additional Compensation*	No	\$15,000 per year, capped at \$100,000 (1.12.110.H)	No change	No	\$15,000 per year	Yes
2	Moving expenses	No	Reasonable & necessary (1.12.110.D)	No change	No	Reasonable & Necessary	Yes
3	Temporary lodging	No	Within "additional compensation" caps under 1.12.110.H	Up to 3 months reasonable & necessary	No	Up to 3 months reasonable & necessary	Yes
4	Temp. Housing Supplement	No	Within "additional compensation" caps under 1.12.110.H	80% of increase in comparable housing, up to 3 years	No	80% of increase in comparable housing, up to 3 years	Yes
5	Severance per Employment Agreement*	No	No	Up to contracting limits (\$50,000)	No	Up to 1 year	Yes
6	Severance for layoffs under a reorganization plan	No	No	Discretionary up to contracting limits (\$50,000)	No	No change	Yes
7	Administrative leave*	To exempt employees - no limit 1.12.250.C.2 (no reporting requirement to Council)	Within "additional compensation" caps under 1.12.110.H	To exempt employees with no limit	No	To Utilities Director with no limit	Yes
8	401- Defined contribution*	No	Up to contracting limits (\$50,000) (1.12.116) (but also subject to IRC of \$45,000)	No change	Only on Council approval	Yes, subject to IRC limit (currently \$45,000)	Yes
9	457 Deferred Comp**	No	No	Up to contracting limits (\$50,000), also subject to IRC limit of \$15,500	No	Yes, subject to IRC limit (currently \$15,500)	Yes
10	457f – Special deferred comp*	No	Up to contracting limits (\$50,000) (1.12.115), subject to applicable IRC limits	No change	Only on Council approval	Yes, subject to applicable IRC limits	Yes
11	Step Limit on Utility Executive Positions	N/A	Utilities Director authority limited to 1 step/year increase (N/A for City Manager)	Limitation removed, with increases governed by same criteria as all other executive positions: non-automatic step increases, with progression based on market and/or an executive performance appraisal conducted by the appropriate hiring authority	Authority limited to 1 step/year increase	Limitation removed, with increases governed by same criteria as all other executive positions: non-automatic step increases, with progression based on market and/or an executive performance appraisal conducted by the appropriate hiring authority	No

* Limited to unrepresented positions only, in order to secure or retain key management personnel

** This amount is considered "compensation" for purposes of TERS contributions

Ordinance No. 27636

First Reading of Ordinance: JUL 24 2007

Final Reading of Ordinance: JUL 31 2007

Passed: JUL 31 2007

Roll Call Vote:

MEMBERS	AYES	NAYS	ABSTAIN	ABSENT
Ms. Anderson	✓			
Mr. Evans	✓			
Mr. Fey	✓			
Ms. Ladenburg				✓
Mr. Lonergan	✓			
Mr. Manthou	✓			
Mr. Stenger		✓		
Mr. Talbert	✓			
Mayor Baarsma		✓		

MEMBERS	AYES	NAYS	ABSTAIN	ABSENT
Ms. Anderson				
Mr. Evans				
Mr. Fey				
Ms. Ladenburg				
Mr. Lonergan				
Mr. Manthou				
Mr. Stenger				
Mr. Talbert				
Mayor Baarsma				