
From: Betsy Fretwell
Sent: Tuesday, October 26, 2010 4:10 PM
To: Executives; Appointive Employees
Subject: Appointive and Executive hours and pay plan update

I know many of you have been wondering what the plan is for executive and appointive compensation and benefits as a result of the recent labor concessions from our unions. Please allow me to share with you the work my executive team and the Human Resources staff have been preparing for the short term and long term.

This past June, I had to announce to you that there would be no merit increases, bonuses, or COLAs. In addition, longevity pay for those eligible was frozen. Also, the additional administrative hours given to executives and appointives were stopped. Those actions together saved the city some \$2.6 million in Fiscal Year 2011 and have saved over \$6 million since 2008. I also communicated to you that we would continue the 401 a match for executives and appointives for 2010, and that it would still be a consideration in 2011 based on budgetary needs.

I know executives and appointives have continued to make sacrifices to keep our fellow employees working, and to hold the line year after year to help the city meet its financial commitments. I have always asked the same commitment from all the bargaining units so the sacrifices are fair and equitable. However, the results have not always been equitable. In the end, you have lead by example and it has made the difference when dealing with the bargaining units. I appreciate that level of sacrifice—and I have not forgotten it.

This past few months, I established a cost reduction goal for the executive and appointive group of 12% of what we currently invest in salaries for this group, or \$3 million, to be achieved through a management reorganization. The intent was to reduce management layers when possible, consolidate and streamline when feasible, and simply flatten the organization. The executive team has achieved this goal.

So in the short term, I plan the following changes in light of the fact that you are salaried employees and taking into consideration that your compensation status has remained flat for over three years.

1. Alternate Work Week – for all executive and appointive employees, the work week will be defined as four, 10-hour days with Fridays off. This schedule will parallel the reduced schedule the LVCEA members will move to January 3rd as a part of the recent concession agreement, but there will not be any reduction in pay for the executives and appointives. Your scheduled work hours will be determined by the management of your department.
2. Week of Closure – Some of the city's administrative functions (such as City Hall) will go dark (close) the week of December 26, 2010 through January 1, 2011 for public business. Executive and appointive employees will receive administrative pay, understanding that many will need to work and complete tasks that week. Those work need determinations (attendance required, telecommuting, etc.) will be made by your department directors.

For the long term, we have been working to create an executive compensation plan and a comprehensive benefit plan for the executive and appointive group. The intent is to create executive level plans to meet your current and future needs and remain competitive in the market place. At the same time, we want to do these things in a manner that helps keep the city fiscally strong.

Specifically, we'll be reviewing the annual leave policy, the sick leave policy, executive compensation, and a cafeteria plan. Our goal is to work out the details and present them to you at the next appointive meeting in December with implementation likely happening after the new year.

For annual and sick leave, we'd like to limit the amount of time employees can accrue. As you know, some of the accruals are incredibly large. A limit on what can be banked will help the city reduce the amount of money it must pay out when employees separate. You will not lose any of your present accrual, which in terms of annual leave, would be paid out to you.

In looking at compensation we want to base future merit increases and bonuses on performance and link that performance to our strategic business plans.

And for the cafeteria plan we want to offer employees more personal options and greater flexibility.