

**Council Meeting: June 10, 2008****SUBJECT: Amendment to the Salary Resolution - Military Reservist
Extension of Benefits and Supplemental Salary****REPORT IN BRIEF**

This report recommends approval of a twenty-six pay period extension of military leave benefits and supplemental salary through June 30, 2009 for eligible employees who are current United States military reservists. Council previously approved a maximum of sixty pay periods of benefits for each employee through the end of June 2008.

This action would continue the extended benefits and supplemental salary for mandatory active duty per Executive Order 13223 issued on September 14, 2001 and to any involuntary extension related to the same Order. In addition, it would extend coverage of the military leave benefits and supplemental salary for an additional twenty six pay periods.

The City has a total of seven employees who are currently military reservists. Five of these employees have received supplemental pay and benefits for periods ranging from two to thirty-six pay periods. Currently, there is one employee eligible for supplemental benefits.

To fund this proposal, it is recommended that the unspent FY 2007/2008 Military Reservist Leave Budget, estimated at \$268,055, be carried over to FY 2008/2009. These funds, as well as the regular military leave budget for 2008/2009, are expected to be sufficient to fund the twenty-six pay period extension in benefits and supplemental salary for those military reservists who may be called to active duty.

BACKGROUND

The Council first adopted extended military benefits and supplemental salary in October 2001. Extensions were approved in April 2003, May 2004, June 2005, June 2006 and May 2007. The purpose of the Council's action is to minimize the impact of a call to active duty on these City employees and their families because of the unusual length of mandatory military service that would deprive them of full-time employment income and benefits.

EXISTING POLICY

Current policy exceeds the requirements of state law (Military and Veteran's Code, Section 395), the 1994 Uniformed Services Employment and Reemployment Rights Act (USERRA), the Veterans Benefits Improvement Act of 2004 (VBIA), and the final VBIA rule in March 10, 2005.

Existing City policy provides continuation of City benefits and supplemental salary for qualified individuals for a period of up to sixty pay periods beyond those required by current State law. Funding for the current program expires on June 30, 2008.

DISCUSSION

It is recommended that military leave benefits and supplemental salary be extended for an additional twenty-six pay periods for employees who may be involuntarily recalled to active duty through June 30, 2009. The employees will continue to reimburse the City the amounts received for military service plus allowances, including the Basic Allowance for Housing (BAH). The mandatory active duty eligibility requirements remain the same as stated in the Report to Council 06-196 approved on June 13, 2006.

Those who elect not to return to City employment would be required to repay the City for the cost of benefits and supplemental salary exceeding those required by law, plus interest at the 26-week Treasury bill rate. The City Manager will have the discretion to not require repayment in the event of an employee's death or disability as a result of active military duty.

Supplemental Salary

The City will provide or continue to provide base salary, plus any other compensation the employee would have received had he/she been actively working.

Benefits

The City's contribution and employee's deductions toward applicable benefits (retirement, medical, dental, dental premiums to PSOA, vision and the Employee Assistance Program) will continue as if the employee was actively working. Life insurance coverage, short-term disability coverage and long term disability coverage cease upon deployment or redeployment to active military duty.

FISCAL IMPACT

To fund this proposal, it is recommended that the unspent FY 2007/2008 Military Reservist Leave Budget, estimated at \$268,055, be carried over to FY 2008/2009. This amount, along with the regular military leave for FY 2008/2009, is expected to be sufficient to fund the 26 pay period extension. Under the unlikely scenario, in which all seven employees are deployed in July 2008, additional funds could be required. However, adequate funds will likely be available through salary savings from the operating programs where the reservists are budgeted. These positions are typically backfilled at a lower salary rate through use of overtime or temporary personnel or not backfilled during all or part of the military reservists' leave period.

If additional funds are needed, this item will return to City Council for further consideration. Unspent funds will be returned to the Employee Benefits Fund and General Fund, where the funds originated, at the end of FY 2008/2009.

CONCLUSION

Council approval of this recommendation will continue to provide City benefits and supplemental salary to eligible employees through June 30, 2009.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center and Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

ALTERNATIVES

1. That the City Council adopt a Resolution to extend benefits and supplemental salary through June 30, 2009. The extension will be funded by carrying over the remaining unspent FY 2007/2008 Military Reservist Leave Budget estimated at \$268,055 to the FY 2008/2009 budget, and appropriating salary savings in the operating programs where the reservists are budgeted. Unspent funds will be returned to the Employee Benefits Fund and General Fund at the end of FY 2008/2009.
2. That the City Council does not adopt a Resolution to extend the current military benefits and supplemental salary beyond June 30, 2008.
3. The City Council modifies any portion of this recommendation.

RECOMMENDATION

1. Staff recommends approval of Alternative #1: That the City Council adopt a Resolution to extend benefits and supplemental salary through June 30, 2009. The extension will be funded by carrying over the remaining unspent FY 2007/2008 Military Reservist Leave Budget estimated at \$268,055 to the FY 2008/2009 budget, and appropriating salary savings in the operating programs where the reservists are budgeted. Unspent funds will be returned to the Employee Benefits Fund and General Fund at the end of FY 2008/2009.

Reviewed by:

Erwin Young, Director of Human Resources

Prepared by: Nicole Adamo, Human Resources Analyst

Approved by:

Amy Chan
City Manager

Attachments

- A. Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SUNNYVALE AMENDING SALARY RESOLUTION NO. 190-05, AS AMENDED, TO PROVIDE AN EXTENSION OF BENEFITS AND SUPPLEMENTAL SALARY FOR ARMED FORCES, NAVAL MILITIA OR NATIONAL GUARD RESERVISTS

WHEREAS, there are currently employees of the City who are in the armed forces, naval militia or National Guard reservists who may be called to mandatory active duty to serve under the Executive Order 13223 issued on September 14, 2001; and

WHEREAS, any such employees called to such mandatory active duty and their dependents would suffer a serious economic impact as a result of loss of employment income and benefits from the City; and

WHEREAS, the City Council has taken action since 2001 to extend military leave benefits and supplemental salary to eligible employees, most recently through the adoption of Resolution No. 215-06, which extended military leave benefits and supplemental salary through June 30, 2007; and

WHEREAS, in order to minimize the impact that a call to active military duty has on the affected employees and their dependents, staff recommends continuation of these benefits for eligible employees through June 30, 2009.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SUNNYVALE THAT Section 3.550 of Salary Resolution No. 190-05, shall be amended as follows:

SECTION 3.550. MILITARY RESERVISTS: EXTENSION OF BENEFITS AND SUPPLEMENTAL SALARY.

- (a) A person is eligible for the benefits established in this section if he or she meets all of the following qualifications:
 - (1) Is an active probationary or regular part-time or full time employee of the City in Pay Plan Categories A, B, C, D/E, F, G, K or L.
 - (2) Is a member of the Armed Forces, Naval Militia or National Guard.

(a-3)-(c) Text unchanged.

(d) ~~Through and including June 30, 2008,~~ All employees who receive the benefits and supplemental salary under this section will be eligible to remain covered under their current retirement, medical, dental, employee assistance and vision plans ~~for up to 86 pay periods after the initial 30 days' military leave are~~

~~exhausted.~~ through June 30, 2009. The City will provide eligible employees, along with the ~~supplementary~~ supplemental salary, the amount that the City currently contributes toward the benefits plans. If the employee is currently paying a deduction toward these plans, the employee will continue to make those payments.

~~(e) If there is any gap between the time of an individual employee's 30 days plus one year of extended benefits and the additional benefits authorized by this resolution, the employee shall receive the benefits retroactively. The maximum duration of the extended benefit is through June 30, 2008.~~

BE IT FURTHER RESOLVED BY THE CITY COUNCIL OF THE CITY OF SUNNYVALE THAT ~~if there is any gap between the time of an individual employee's 30 days plus one year of extended benefits and the additional extended benefits authorized by this resolution, the employee shall receive the extended benefits retroactively. The maximum duration of the extended benefit is through June 30, 2008.~~ the maximum duration of the extended benefit is through June 30, 2009.

Adopted by the City Council at a regular meeting held on _____, 2008, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST:

APPROVED:

City Clerk
(SEAL)

Mayor

APPROVED AS TO FORM AND LEGALITY:

David E. Kahn, City Attorney