CITY OF TEMECULA
AGENDA REPORT

TO: City Manager/City Council

FROM: Becky Obmann, Interim Director of Human Resources and Risk Management

DATE: June 9, 2026

SUBJECT: Approve Revised Schedule of Authorized Positions, Salary Schedule, Employment Agreements with Executive Officials; Approve a Memorandum of Understanding with Teamsters Local 986, and Amended and Restated Management Compensation Plan, and Council Compensation Plan

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RECOMMENDATION: That the City Council take the following actions:

1. Adopt a resolution entitled:

   RESOLUTION NO

   A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TEMECULA APPROVING THE REVISED SCHEDULE OF AUTHORIZED POSITIONS AND SALARY SCHEDULE

2. Approve Revised Employment Agreements with the following Executive Officials:

   - Assistant City Manager, Luke Watson
   - Assistant to the City Manager, Betsy Lowery
   - Director of IT/Support Services, Michael Heslin
   - Director of Community Services, Erica Russo
   - Director of Legislative Affairs/City Clerk, Randi Johl
   - Director of Community Development, Matthew Peters
   - Director of Public Works, Ron Moreno
   - Director of Finance, Jennifer Hennessy

3. Approve the Memorandum of Understanding between the City of Temecula and the General Employees of the City of Temecula represented by the Teamsters Local 986 effective July 1, 2026, through June 30, 2029.

4. Approve the Amended and Restated Management Compensation Plan and Amended and Restated Council Compensation Plan.

BACKGROUND:

Revised Schedule of Authorized Positions and Salary Schedule

The revised Schedule of Authorized Positions and Salary Schedule have been updated to reflect the three percent (3%) cost-of-living adjustment (COLA) for all employees and various classification and administrative updates.

Total authorized positions for Fiscal Year 2026-27 will remain at 202.2 full-time-equivalent positions, including five City Council members and six authorized but unfunded positions. The proposed Schedule of Authorized Positions also includes the reclassification of 20 positions to better align job classifications with operational needs and assigned responsibilities, as well as renaming the Park Attendant classifications to Park and Trails Specialist to better reflect the scope of work.

Proposed Salary Schedule updates include the addition of the Risk Manager, HR Manager, and Assistant City Clerk classifications; inclusion of City Council member compensation; a salary adjustment for the Assistant to the City Manager based on a completed salary study; corresponding salary updates related to the Executive Assistant flexibly staffed designation; and removal of Aquatics classifications, with the exception of the Lifeguard series, as Aquatics classifications have been incorporated into the Community Services series.

Revised Employment Agreements with Executive Officials

The proposed employment agreements have been updated to reflect revised compensation provisions and other employment terms. The agreements include a three percent (3%) cost-of-living adjustment (COLA) for the executive employees identified in the proposed agreements. Executives are also eligible for benefits provided under the proposed agreements and the Management Compensation Plan proposed for City Council approval, including participation in the cafeteria plan, a $400 monthly automobile allowance, and a retention benefit equal to the then-applicable maximum normal annual contribution to a 457(b) deferred compensation plan, as outlined in the employment agreements.

Executive employees participate in the applicable CalPERS retirement plan based on hire date, including Tier 1 (2.7% at 55), Tier 2 (2.0% at 60), or Tier 3 (2.0% at 62).

The proposed annual salaries for the executive employees are as follows:

Assistant City Manager, Luke Watson	$334,256.00
Assistant to the City Manager, Betsy Lowrey	$226,720.00
Director of IT/Support Services, Michael Heslin	$269,505.60
Director of Community Services, Erica Russo	$269,505.60
Director of Legislative Affairs/City Clerk, Randi Johl	$269,505.60
Director of Community Development, Matthew Peters	$276,265.60
Director of Public Works, Ron Moreno	$276,265.60
Director of Finance, Jennifer Hennessey	$276,265.60

The agreements also include various legal, administrative, and non-substantive language revisions intended to align with current practices and legal requirements.

Memorandum of Understanding with Teamster's Local 986

The current Memorandum of Understanding (MOU) between the City of Temecula and the General Employees of the City of Temecula represented by the Teamsters Local 986 will expire on June 30, 2026. The City Council previously authorized the City's labor negotiation representatives to meet and confer with representatives of the Teamsters Local 986 regarding a successor MOU.

Representatives from the City and the bargaining unit subsequently met and conferred in good faith regarding wages, hours, and other terms and conditions of employment. Following negotiations, the parties reached a tentative agreement on a successor MOU for the term of July 1, 2026, through June 30, 2029.

The City Council discussed the details associated with the successor MOU negotiations and provided direction to staff in Closed Session on December 9, 2025 and February 24, 2026. The following is a summary of the key terms of the proposed successor MOU:

- 3% Cost of Living Adjustment (COLA) effective the beginning of the first pay period in Fiscal Year 2026-27. Future COLA increases will be based on the lesser of either the CPI-W for the prior two calendar years or the percentage change in recurring revenue of the City's primary operating funds, not to exceed 3%.
- Increase the Health Flex Contribution (HFC) from $600 per month to $1,000 per month effective July 1, 2026. Effective January 1, 2027, the HFC will increase to $1,050 per month, and effective January 1, 2028, the HFC will increase to $1,100 per month.
- Enhance disability benefits by increasing the Short-Term Disability (STD) weekly benefit cap from $1,000 to $3,000 and the Long-Term Disability (LTD) monthly benefit cap from $6,000 to $14,000, while reducing the eligibility waiting period to seven days.
- Transition Short-Term Disability (STD), Long-Term Disability (LTD), and basic life insurance premiums from employee-paid to City-paid.
- Expand bereavement leave to include aunts, uncles, nieces, nephews, and individuals who served in a significant parental role.
- Increase the annual safety footwear allowance from $175 to $200 and provide employees the option to purchase footwear through the City's vendor or a vendor of their choice and submit for reimbursement.
- Increase stand-by pay from $230 to $350 for each seven-day stand-by period, with the daily prorated rate increasing from $32.86 to $50 per day.
- Discontinue cafeteria plan allotment cash-out eligibility for employees hired on or after July 1, 2026.
- Incorporate language updates and clarifications throughout the MOU to address legal and CalPERS compliance requirements, improve consistency and readability, and better align provisions with current processes and administrative practices.

All other terms of the prior MOU will be carried forward into the proposed successor MOU in substantially the same form. The Union held a membership meeting to consider the general terms of the proposed MOU and ratified it by a majority vote. Staff recommends approval of the proposed successor MOU.

Amended and Restated Management Compensation Plan

The City's past practice is to extend similar terms and conditions of employment to Management, Confidential and Executive employees not covered by the MOU. Compensation and benefits for these non-represented employees are detailed in the attached, proposed amended and restated MCP. Staff recommends approval of the amended and restated MCP, which outlines similar terms and conditions of employment to those being recommended for represented staff covered by the MOU where applicable.

Amended and Restated City Council Compensation Plan

The City's past practice is to extend similar terms and conditions of employment to City Councilmembers not covered by the MOU or MCP. Compensation and benefits for City Councilmembers are detailed in the attached, amended and restated CCP. Staff recommends approval of the amended and restated CCP, which outlines similar terms and conditions of employment to those being recommended for represented staff covered by the MOU where applicable.

FISCAL IMPACT: The estimated cost of the proposed MOU, MCP, CCP, and Employment Agreements is $7,349,373. This amount reflects approximately 3.7% of the City's primary operating budgets (including the General Fund, Measure S Fund, Gas Tax Fund, Affordable Housing Fund, Measure A Fund, Internal Service Funds and Temecula Community Services Fund) included in the Fiscal Year 2026-27 Annual Operating Budget presented to the City Council at the May 21, 2026 Budget Workshop and proposed for adoption at the June 9, 2026 City Council meeting.

ATTACHMENTS:

1. Resolution
2. Schedule of Authorized Positions
3. Salary Schedule
4. Employment Agreements with Executive Officials (8)
5. Memorandum of Understanding between the City of Temecula and the General Employees of the City of Temecula represented by the Teamsters Local 986 effective July 1, 2026, through June 30, 2029
6. Amended and Restated Management Compensation Plan (July 1, 2026)
7. Amended and Restated Council Compensation Plan (July 1, 2026)