



## Agenda Report

18-271

Agenda Date: 3/20/2018

### REPORT TO COUNCIL

#### SUBJECT

Approve Miscellaneous Management (Unit 9) 2017-2019 MOU containing the 4% compensation increase in December 2017 and 4% in December 2018; and approve the same increases to the City Manager's compensation, as required by Employment Agreement

#### BACKGROUND

The Miscellaneous Unclassified Management Employees (Unit 9) Memorandum of Understanding (MOU) expired December 16, 2017. The City and Unit 9 negotiated a two year MOU effective December 17, 2017 through December 14, 2019.

#### DISCUSSION

A tentative agreement has been reached between the City of Santa Clara (City) and Miscellaneous Management (Unit 9) on a successor Memorandum of Understanding (MOU). This report recommends approval of the MOU, which, if approved by the City Council, will be in effect from December 17, 2017 through and including December 14, 2019.

The MOU between the City and Unit 9 expired on December 16, 2017. A tentative agreement was reached on February 22, 2018. Unit 9 held a vote that concluded on March 1, 2018 and the City was notified that Unit 9 ratified the attached agreement.

The significant provisions of the new MOU are as follows:

#### Wages

- 4% wage increase retroactive to December 17, 2017
- 4% wage increase effective December 16, 2018

#### Holidays

Four additional non-permanent paid holidays for 12/26/17, 12/27/17, 12/28/17, and 12/29/17; and four additional non-permanent paid holidays for 12/26/18, 12/27/18, 12/28/18, and 12/31/18. Employees who used leaves for the days or worked on and between 12/26/17 and 12/29/17 will receive banked days or hours off which must be used in 2018. These non-permanent paid holidays will only be for these two MOU years.

#### California Public Employees' Retirement System (CalPERS)

The City and Unit 9 will enter into a side letter agreeing that if CalPERS should adopt a change in its actuarial methodology (i.e. assumed discount rate, smoothing methodology, demographic assumptions, etc.) which increases the City's pension costs, the City and Unit 9 agree to meet and confer regarding this change and its impacts. Neither party shall be required to meet and confer under this agreement prior to January 1, 2019. This side letter will expire on December 31, 2021.

**Medical**

- Incorporate the Affordable Care Act Side Letter between the City and Unit 9 executed on November 21, 2017. This Side Letter modified the prior MOU language to conform the City's health contributions and MOU provisions to IRS requirements under the Affordable Care Act.
- Add a section entitled "Re-Opener", that states, "During 2018, the City and Miscellaneous Management agree to re-open Section 7 regarding the City's contributions to health premiums. The parties agree that there shall not be any decrease in City contributions to health premiums or to those that receive cash in lieu of participating in City health, as a result of this re-opener."

Attached is a resolution of the City of Santa Clara to adopt the attached salary schedule for Employees represented by the Miscellaneous Unclassified Management Employees bargaining Unit (Unit 9), as well as the City Manager as required by Employment Agreement.

**City Manager Employment Agreement**

Consistent with the City Manager's Employment Agreement, as approved by the Council on August 22, 2017, this resolution also includes a 4% salary increase effective December 17, 2017 and a 4% increase effective December 16, 2018, as well as the same provisions mentioned above.

**ENVIRONMENTAL REVIEW**

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

**FISCAL IMPACT**

The primary cost impact is in the wage increase of 4% in the first year and 4% for the second year. The City regularly budgets in its fiscal forecast the total compensation cost for its current Full-Time Employees and integrates projected cost increases in the City's Ten Year Financial Plan. The total cost for the successor MOU over its two year term is approximately \$3,937,000 with approximately 59% of that impacting the General Fund. The increased cost for FY 2017/18 will be absorbed within existing department appropriations through expenditure savings primarily due to vacancies. The FY 2018/19 Recommended Budget will include the negotiated salary and special pay increases.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

**RECOMMENDATION**

1. Approve and authorize the City Manager to execute the Memorandum of Understanding between the City of Santa Clara and Miscellaneous Management 2017-2019 retroactive to December 17, 2017; and

2. Adopt a Resolution approving the Salary Schedule for Unclassified Employees and for the City Manager, per Employment Agreement, that contains the following adjustments: (1) a 4% wage increase retroactive to December 17, 2017 and (2) a 4% salary increase effective December 16, 2018.

Prepared by: Elizabeth C Brown, Director of Human Resources

Reviewed by: Brian Doyle, City Attorney

Approved by: Walter C. Rossmann, Chief Operating Officer

**ATTACHMENTS**

1. MOU Misc. Uncl. Mgmt. Employees (Unit 9) 2017-2019 -final version.
2. MOU Misc. Uncl. Mgmt. Employees (Unit 9) 2017-2019 - redline version.
3. Resolution to Adopt the Unclassified monthly salary schedule for Misc. Uncl. Mgmt. Employees (Unit 9), including City Manager.