



Agenda Report

22-1309

Agenda Date: 11/1/2022

REPORT TO COUNCIL

SUBJECT

Authorize the City Manager to execute the 2023-2025 Memorandum of Understanding Between the City of Santa Clara and the Unclassified Fire Management Employees ("Unit 9B") that incorporates the terms of the Tentative Agreement and Related Budget Amendment

COUNCIL PILLAR

Enhance Community Engagement and Transparency.

BACKGROUND

The Memorandum of Understanding (hereafter, "MOU") between the City of Santa Clara and the Unclassified Fire Management Employees (hereafter, "Unit 9B") is scheduled to expire on December 31, 2022.

Given the ongoing challenges related to the COVID-19 pandemic and its impacts on the City's ongoing budget deficit, the City and Unit 9B reached an agreement in 2020 for a 2020-2022 MOU that included a salary freeze during the term of the MOU consistent with agreements reached with other bargaining units. On or about October 7, 2022, the City and Unit 9B reached an agreement on a successor MOU with a term of January 1, 2023, and through December 31, 2025, that includes salary range increases after two (2) years of salary freezes, which is also consistent with agreements reached with other bargaining units. Unit 9B notified the City that membership had ratified the Tentative Agreement on or about October 7, 2022.

DISCUSSION

The recommended action authorizes the City Manager to execute a successor MOU with a term of January 1, 2023, through December 31, 2025, that incorporates the terms of the Tentative Agreement reached between both parties. The following is a summary of the notable provisions of the Tentative Agreement; a complete copy of the Tentative Agreement is attached.

Term:

January 1, 2023 - December 31, 2025 (3 years)

Wages:

Effective December 25, 2022 (the first pay period of calendar year 2023), all salary ranges for employees holding positions in classifications assigned to Unit 9B will be increased by approximately 4.0%.

Effective the first pay period of calendar year 2024, all salary ranges for employees holding positions in classifications assigned to Unit 9B will be increased by approximately 4.0%.

Effective the first pay period of calendar year 2025, all salary ranges for employees holding positions in classifications assigned to Unit 9B will be increased by approximately 2.5%.

One-Time Non-Pensionable Discretionary Cash Payment:

In recognition of, and to help secure the employees' speedy ratification of this MOU, the City has exercised its discretion to provide a one-time discretionary cash payment of \$5,000 for regular employees (pro-rated for

part-time employees) in the bargaining unit following Council approval of this MOU. The Parties intend and understand that this lump sum payment is non-pensionable and will not be reported to CalPERS. An employee must be employed in a classification assigned to Unit 9B at the time the one-time discretionary cash payment is made to receive the payment.

Deferred Compensation:

Effective December 25, 2022 (the first pay period of calendar year 2023), the City will contribute \$230/month per employee to the employee's deferred compensation account.

Healthcare:

Effective January 1, 2023, the City will pay 100% of the premium of the lowest priced Kaiser (Region 1) plan for employees in Unit 9B enrolled at the Employee Only and Employee Plus One levels, and 90% of the premium of the lowest priced Kaiser (Region 1) plan for employees in Unit 9B enrolled in the Employee Plus Two or More level. Employees who select a plan whose premium exceeds the City contribution described above will be responsible for the difference. Employees will not receive any portion of the City's contribution as cash or any other taxable benefit.

Current employees hired into a full-time position with the City on or before December 31, 2022, who choose not to enroll in a City health plan and meets the requirements set forth in the MOU shall continue to receive a cash-in-lieu amount equal to \$859.20/month, while employees hired or rehired on or after January 1, 2023, shall receive a cash-in-lieu amount of \$250/month.

Educational Incentive:

Effective December 25, 2022 (the first pay period of calendar year 2023), employees shall be eligible to receive 5% of base pay for Step 5 Firefighter II for a Bachelor's degree and 400 hours of State Fire Training Classes where an employee is in a classification where a Bachelor's degree is not a minimum requirement, or for a Master's degree and 400 hours of State Fire Training Classes where an employee is in a classification where a Bachelor's degree is a minimum requirement.

Battalion Chief Open Shifts:

Increase hourly rate by 5% to \$84/hour and update/clarify language, including but not limited to addressing process for long term absences.

Psychological Counseling:

Update language to reflect that employees in Unit 9B receive the same psychological counseling program as the Santa Clara Firefighters, International Association of Firefighters, Local 1171 (Unit 1).

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 costs of this MOU are within budget authority approved by the City Council through the negotiation process. The City regularly budgets the total compensation cost for its current employees and integrates known and projected cost increases from MOUs in the City's budget. The costs associated with this MOU will be factored into the FY 2023/24 and FY 2024/25 Biennial Operating Budget as well as the ten-year forecast. In addition, a budget amendment is recommended in this memorandum to increase the Fire Department budget by \$143,000, offset by a decrease to the Land Sale Reserve, to address the FY 2022/23 budget impacts. Potential savings from the close out of the FY 2021/22 Budget is anticipated to offset the use of the Land Sale Reserve to fund this MOU.

The chart below reflects the estimated changes in costs in the General Fund as well as all funds over the term of the MOU.

Estimated Costs

Item	Description	Estimated General Fund Cost	Estimated All Funds Cost
Wages (2023)	4.0%	\$149K	\$149K
Wages (2024)	4.0%	\$155K	\$155K
Wages (2025)	2.5%	\$101K	\$101K
One-Time Non-Pensionable Discretionary Cash Payment (2022)	\$5K per employee	\$55K	\$55K
Educational Incentive (January 2023)	5% of Step V of Firefighter II	\$89K	\$89K
Deferred Compensation (January 2023)	\$230/month per employee	\$30K	\$30K

The costs associated with the changes to healthcare cannot be determined at this time as the City cannot predict enrollment behavior, especially with the change to the City paying 90% of the lowest priced Kaiser (Region 1) premium for employees who enroll in Employee Plus Two or Morel level and the change to the health in-lieu amount.

Below is the recommended budget amendment for FY 2022/23.

Budget Amendment FY 2022/23

	Current	Increase/ (Decrease)	Revised
General Fund (001)			
Expenditures			
Fire Department	65,111,981	\$143,000	65,254,981
Land Sale Reserve	7,877,072	(\$143,000)	7,734,072

COORDINATION

This report has been coordinated with the Finance Department and City Attorney's Office.

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>>, or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

1. Authorize the City Manager to execute the 2023-2025 Memorandum of Understanding Between the City of

Santa Clara and the Unclassified Fire Management Employees ("Unit 9B") that incorporates the terms of the Tentative Agreement.

2. Approve the related FY 2022/23 budget amendment in the General Fund to increase the Fire Department budget by \$143,000 and decrease the Land Sale Reserve by \$143,000 (**five affirmative votes required for the use of unused fund balances**).

Reviewed by: Aracely Azevedo, Director of Human Resources

Approved by: Rajeev Batra, City Manager

ATTACHMENTS

1. Tentative Agreement Between the City and Unit 9B dated October 5, 2022