



Agenda Report

22-1311

Agenda Date: 11/1/2022

REPORT TO COUNCIL

SUBJECT

Authorize the City Manager to execute the 2021-2025 Memorandum of Understanding Between the City of Santa Clara and the Public Safety Non-Sworn Employees Association ("Unit 10") that incorporates the terms of the Mediated 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 Public Safety Non-Sworn Employees Association (hereafter, "Unit 10") expired on December 18, 2021.

Given the ongoing challenges related to the COVID-19 pandemic and its impacts on the City's ongoing budget deficit, the City and Unit 10 engaged in discussions on a successor MOU in an effort to reduce the City's estimated General Fund deficit. As of February 2022, the City projected a substantial General Fund ongoing shortfall of \$19.6 million in FY 2023/24, which is largely the result of COVID-19 induced impacts on the City's revenues. This shortfall was revised to \$27 million in June 2022 based on higher projected labor costs.

As previously noted, the City of Santa Clara's collective bargaining agreement with Unit 10 expired on December 18, 2021. The City and Unit 10 began formal negotiations on a successor MOU in approximately November 2021; however, the parties were unable to reach an agreement. On or about August 31, 2022, Unit 10 declared impasse and the parties agreed to proceed through the mediation process.

The parties engaged in mediation on September 15 and September 16, 2022, which resulted in a Mediator's Proposal for settlement. After further informal discussions between the parties as part of the mediation process, the parties reached a Mediated Tentative Agreement on a successor MOU. On or about October 10, 2022, Unit 10 notified the City that the terms of the Mediated Tentative Agreement had been ratified.

DISCUSSION

The recommended action authorizes the City Manager to execute a successor MOU with a term of December 19, 2021, 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 Mediated Tentative Agreement; a complete copy of the Mediated Tentative Agreement is attached.

Term:

December 19, 2021 - December 31, 2025 (4 years)

Wages:

Effective December 25, 2021 (the first pay period of calendar year 2022), all salary ranges for employees holding positions in classifications assigned to Unit 10 shall remain status quo.

Effective December 25, 2022 (the first pay period of calendar year 2023), all salary ranges for employees

holding positions in classifications assigned to Unit 10 shall remain status quo.

Effective the first pay period of calendar year 2024, all salary ranges for employees holding positions in classifications assigned to Unit 10 will be increased by approximately 5.0%.

Effective the first pay period of calendar year 2025, all salary ranges for employees holding positions in classifications assigned to Unit 10 will be increased by approximately 4.0%.

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 10 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 \$300/month per employee to the employee's deferred compensation account, an increase from the current contribution level of \$100 per month.

Healthcare:

Effective January 1, 2024, the City will pay 100% of the premium of the lowest priced Kaiser (Region 1) plan for employees in Unit 10 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 10 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 with the City on or before December 31, 2023, 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 \$1,261.76/month, while employees hired or rehired on or after January 1, 2024, shall receive a cash-in-lieu amount of \$250/month.

POST Certification Incentive Pay:

Effective December 25, 2022 (the first pay period of calendar year 2023), employees in the Dispatcher classification series shall be eligible for a maximum of 5% of base pay (2.5% for the Intermediate POST Certification and 2.5% for the Advanced POST Certification). Employees in the Police Records Supervisor classification shall be eligible for 2.5% of base pay for the Records Supervisor POST Certification.

Educational Incentive:

Effective December 25, 2022 (the first pay period of calendar year 2023), employees shall be eligible to receive 2% of base pay for a Bachelor's degree where an employee is in a classification where a Bachelor's degree is not a minimum requirement, or for a Master's degree where an employee is in a classification where a Bachelor's degree is a minimum requirement.

Jail Services Officers:

Employees hired on or after January 1, 2023, into the Jail Services Officer (Job Code 353) classification will be required to complete the Corrections Academy within one (1) year of hire.

Psychological Counseling:

Update language to reflect that employees in Unit 10 in the Police Department are eligible for the same

psychological counseling program available to the Police Officers Association (Unit 2), and employees in Unit 10 in the Fire Department are eligible for the same psychological counseling program as the Santa Clara Firefighters, International Association of Firefighters, Local 1171 (Unit 1).

Recruitment Incentive:

Unit 10 employees who are responsible for a Public Safety Dispatcher I/II, Sr. Public Safety Dispatcher, Police Officer, or Police Recruit joining the Police Department shall receive compensatory time off (CTO) as follows: ten (10) hours when the employee is hired, ten (10) hours after the employee completes the applicable training program, and ten (10) hours after the employee completes their probationary period.

Employee Fitness Program:

Side letter to institute an employee fitness program for Unit 10 employees in the Police Department.

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 budgets for the Police and Fire Departments, 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 (2022)	0.0%	\$0	\$0
Wages (2023)	0.0%	\$0	\$0
Wages (2024)	5.0%	\$484K	\$493K
Wages (2025)	4.0%	\$407K	\$414K
One-Time Non-Pensionable Discretionary Cash Payment (2022)	\$5K per employee	\$280K	\$280K
POST Certification Incentive Pay (January 2023)	5% max for Dispatcher Series; 2.5% for Police Records Supervisor	\$83K	\$83K
Educational Incentive (January 2023)	2% of base pay	\$148K	\$148K

Deferred Compensation (January 2023)	Increase from \$100 to \$300/month per employee	\$168K	\$168K
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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 to cover the additional costs this fiscal year.

**Budget Amendment
FY 2022/23**

	Current Budget	Increase/(Decrease)	Revised Budget
General Fund (001)			
Expenditures			
Fire Department	\$65,254,981	\$34,000	\$65,288,981
Police Department	84,822,537	446,000	85,268,537
Land Sale Reserve	7,734,072	(480,000)	7,254,072

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 2021-2025 Memorandum of Understanding Between the City of Santa Clara and the Public Safety Non-Sworn Employees Association ("Unit 10") that incorporates the terms of the Mediated Tentative Agreement.
2. Approve the related FY 2022/23 budget amendment in the General Fund to increase the Fire Department budget by \$34,000, increase the Police Department budget by \$446,000, and decrease the Land Sale Reserve by \$480,000 (**five affirmative votes required for the use of unused balances**).

Reviewed by: Aracely Azevedo, Director of Human Resources

Approved by: Rajeev Batra, City Manager

ATTACHMENTS

1. Mediated Tentative Agreement Between the City and Unit 10 dated October 18, 2022