



Agenda Report

20-405

Agenda Date: 3/24/2020

REPORT TO COUNCIL

SUBJECT

Actions to Adopt a Resolution Approving and Adopting Updated Salary Plans for Various Classified and Unclassified Positions, and Approve the Related Budget Amendment [Council Pillar: Enhance Community Engagement and Transparency] Continued from March 17, 2020

BACKGROUND

Section 9 of the Personnel and Salary Resolution requires City Council approval of compensation plans for both classified and unclassified positions. California Code Regulations Section 570.5 governs and requires the adoption of updated publicly available salary schedules by the governing body. The proposed Council action satisfies these applicable requirements.

The City of Santa Clara contracts with the California Public Employees' Retirement System (CalPERS) to provide retirement benefits for employees in both classified and unclassified positions. When the City makes modifications to the salary schedules for its classified or unclassified positions, the City Council must approve and adopt the publicly available salary schedules to comply with California Code of Regulations (CCR) section 570.5.

The Classified Salary Plan has been modified to reflect negotiated wage increases, approved by City Council, for the following bargaining units: Police Officers Association (Unit 2) that results in a wage increase of approximately 3.80%; and Unclassified Police Management Association (Unit 9A) that results in a wage increase of approximately 3.80%. All classifications that are covered by the listed bargaining units, shall receive an automatic increase of approximately 3.80% effective the pay period beginning on December 15, 2019.

Additionally, the Unclassified Salary Plan has been modified to reflect the negotiated adjustment in the salary range for classifications represented by the Unclassified Fire Management Employees (Unit 9B). The minimum and maximum salary ranges for all classifications represented by Unit 9B have been increased by approximately 5.00%. This will not result in an automatic salary increase for incumbents in the classifications represented by Unit 9B.

DISCUSSION

The Classified and Unclassified Salary Plans have been modified to reflect negotiated wage increases for the following bargaining units: Police Officers Association (Unit 2) that results in a wage increase of approximately 3.80%; and Unclassified Police Management Association (Unit 9A) that results in wage increase of approximately 3.80%. All classifications that are covered by the respective bargaining units shall receive an automatic increase effective the pay period beginning on December 15, 2019.

The Unclassified Salary Plan has also been modified to reflect the negotiated adjustment in the

salary range for classifications represented by the Unclassified Fire Management Employees (Unit 9B). The minimum and maximum salary ranges for all classifications represented by Unit 9B shall be increased by approximately 5.00%. This will not result in an automatic salary increase for incumbents in the classifications represented by Unit 9B.

On May 21, 2019, the City Council approved the 2018-2021 Memorandum of Understanding (MOU) between the City and the Police Officers Association (Unit 2). For the second year of the MOU, the MOU provides for a wage increase equal to the increase needed to place a Santa Clara Police Officer at 5.5% above the total compensation average for the survey agencies as of January 1, 2020. The survey was conducted and shared with Unit 2, with a resulting increase of approximately 3.80%.

On June 25, 2019, the City Council approved the 2018-2021 Memorandum of Understanding (MOU) between the City and the Unclassified Police Management Association (Unit 9A). For the second year of the MOU, the MOU provides for a wage increase equivalent to the wage increase provided to employees represented by the Police Officers Association (Unit 2), which is equivalent to approximately 3.80%.

The wage increases for Unit 2 and Unit 9A are higher than assumed in the development of the FY 2019/20 and FY 2020/21 Adopted Biennial Operating Budget. Staff recommends a budget adjustment to the Police Department General Fund budget of \$60,000 to cover the increased costs in FY 2019/20. The higher costs will also be factored into future budgets.

On December 4, 2018, the City Council approved a successor MOU between the City and the Unclassified Fire Management Employees (Unit 9B). For Year 3 of the MOU, the wage increase for classifications represented by Unit 9B would be equivalent to what was provided to classifications represented by IAFF Local 1171 (Unit 1); which was 4.55%. In addition, the MOU provides that effective the first full pay period of the 2019-2020 MOU year (December 15, 2019), the salary ranges for all classifications in Unit 9B are to be increased by approximately 5.0%. On December 17, 2019, the City Council approved the unclassified salary plans that included the third year wage increase of approximately 4.55% for all classifications represented by the Unclassified Fire Management Employees (Unit 9B). The approximate 5.0% adjustment to the salary ranges for all classifications represented by Unit 9B was inadvertently omitted in the Unclassified Salary Plan that was approved by the City Council on December 17, 2019. The Unclassified Salary Plan has been modified to reflect the negotiated adjustment in the salary range for classifications represented by the Unclassified Fire Management Employees (Unit 9B). The minimum and maximum salary ranges for all classifications represented by Unit 9B have been increased by approximately 5.00%. This will not result in an automatic salary increase for incumbents in the classifications represented by Unit 9B.

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 Police Officers Association (Unit 2) and Unclassified Police Management Association Unit 9A salary increase of approximately 3.80% results in an increase of \$790,000 in FY 2019/20 and an annual increase of approximately \$1,460,000. This cost is higher than assumed in the development

of the FY 2019/20 and FY 2020/21 Adopted Biennial Operating Budget. Staff recommends a budget adjustment of \$60,000 to the Police Department General Fund budget to cover the increased costs in FY 2019/20 for the period from December 17, 2019 through June 30, 2020.

Adjustments to factor in the higher FY 2020/21 costs will be included with the FY 2020/21 annual operating budget amendments that will be brought forward with the FY 2020/21 and FY 2021/22 Biennial Capital Improvement Program Budget. These costs were incorporated in the Ten-Year General Fund Financial Forecast presented to the City Council in January 2020.

Budget Amendment FY 2019/20

	Current	Increase/ (Decrease)	Revised
<u>General Fund</u>			
<u>Expenditures</u>			
Police Department - Salaries	\$38,482,923	\$60,000	\$38,542,923
<u>Reserves</u>			
Budget Stabilization Reserve	\$80,010,820*	(\$60,000)	(\$79,950,820)

**Current Reserve amount assumes approval of RTC 20-1438 on March 17, 2020*

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. Adopt a Resolution to approve the revised salary plans for various classified and unclassified positions to satisfy the requirements of California Code of Regulations Section 570.5; and
2. Approve the related budget amendment to increase the FY 2019/20 Police Department General Fund budget by \$60,000 and decrease the General Fund Budget Stabilization Reserve by \$60,000.

Reviewed by: Aracely Azevedo, Director of Human Resources

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Unclassified_Elected Salary Plan for Council March 24, 2020 (eff 12-15-2019)

2. Unclassified_ Elected Salary Plan for Council March 24, 2020 (eff 2-23-2020)
3. Classified Salary Plan for Council March 24, 2020 (eff 12-15-2019)
4. Reso Updated Salary Plan