



Agenda Report

21-1554

Agenda Date: 12/7/2021

REPORT TO COUNCIL

SUBJECT

Approve CalPERS' Annual Requirement of the 2022 Salary Plans for Classified and Unclassified Employees Pursuant to Current Labor Contracts base on Council's Former Approved Cost of Living Increases, Including the Classifications of City Manager, and Approval of a Second Amendment to the City Manager Employment Agreement to Memorialize the Past Two Years of 0% and 4.5% COLAs effective December 26, 2021

COUNCIL PILLAR

Enhance Community Engagement and Transparency

BACKGROUND

California Code Regulations Section 570.5 governs and requires the adoption of updated publicly available salary schedules/plan by the governing body. Section 9 of the Personnel and Salary Resolution requires Council approval of compensation plans for classified and unclassified positions. The proposed action satisfies these requirements for past actions approving cost of living increases effective December 26, 2021.

The Classified and Unclassified Salary Plans have been modified to reflect **negotiated and pre-approved wage increases by City Council**, for two bargaining units as part of their current Memorandum of Understanding (or MOUs). Classifications that are covered by the listed bargaining units shall receive an automatic wage increase as described below effective December 26, 2021, pursuant to the terms of their respective MOUs:

- City of Santa Clara Employees' Association (Unit 5/7/8): A wage increase of approximately 3.5%.
- Unclassified Miscellaneous Management (Unit 9): A wage increase of approximately 4.5%.

City of Santa Clara contracts with the California Public Employees' Retirement System (CalPERS) to provide retirement benefits for employees for classified and unclassified positions. When the City makes modifications to the salary schedules, or salary plan, for classified or unclassified positions, the Council must approve and adopt the publicly available salary schedules to comply with California Code of Regulations (CCR) section 570.5. Government Code section 20636(b)(1) and California Code of Regulations section 570.5 require that public salary schedules include specific information to be approved by the governing body whenever they are updated or revised. These changes are administrative in nature as the salary changes reflected in the updated salary plans have already been previously approved by Council.

This action is only focused on the approval of the required Salary Schedule for the purpose of

demonstrating compliance with CCR Section 570.5. The City Council has already approved the wage increases for both Classified and Unclassified employees, which are not subject to amendment or further Council action unless parties agree to any amendments.

Additionally, the City entered into an employment agreement with City Manager Santana on August 22, 2017 and that agreement provides for appropriate salary adjustments and that the City Manager is subject to cost of living adjustments applicable to Unit 9. These provisions were not altered by Amendment No. 1 to the employment agreement. The Council approved two years of 0% COLAs for the City Manager, along with a 4.5% effective December 26, 2021 and, therefore, the Second Amendment to the Employment Agreement needs to be completed to memorialize this Council approved action.

A similar action would have been required for the City Attorney, however, that position is currently vacant, and therefore no COLA adjustment for this position is included in this report.

DISCUSSION

Approval and Adoption of the Salary Plan for Classified and Unclassified Positions

The Classified and Unclassified Salary Plans have been modified to reflect negotiated wage increases for two bargaining groups. These changes are administrative in nature as the salary changes reflected in the updated salary plans have been previously approved by City Council. All classifications that are covered by the respective bargaining units shall receive an automatic increase effective the pay period beginning on December 26, 2021.

On December 16, 2020, the City Council approved the 2019-2023 Memorandum of Understanding (MOU) between the City and the City of Santa Clara Employees' Association (Unit 5/7/8). For the third year of the MOU, the MOU provides for a wage increase of approximately 3.5%, effective December 26, 2021.

On December 16, 2020, the City Council approved the 2019-2024 MOU between the City and the Miscellaneous Unclassified Management Employees (Unit 9). For the third year of the MOU, the MOU provides for a wage increase of approximately 4.5%, effective December 26, 2021.

Second Amendment to City Manager Employment Agreement

Section 3.2 of the City Manager's employment contract states she will be "subject to the cost of living adjustments for City Miscellaneous Unclassified Management Employees in Unit 9." Accordingly, the Unit MOU provides for a 4.5% adjustment and the City Manager will be entitled to that same adjustment effective December 26, 2021. However, if those adjustments **exceed** the amount set forth in Government Code sections 3511.1 and 3511.2 (referencing the Consumer Price Index), they will not be automatic and will require approval of the Council. Accordingly, the 4.5% Unit 9 adjustment does not exceed the CPI, as demonstrated below:

- Consumer Price Index for Urban Wage Earners and Clerical Workers, United States, which according to the Bureau of Labor Statistics is **5.9%** over the past 12 months; and,

- Below the CPI of **4.9%** for Urban Wage Earners and Clerical Workers, for the San Francisco-Oakland-Hayward, California area.

A second amendment to the City Manager's employment agreement is needed to reflect the two years of 0% of COLAs and to reflect a salary of \$468,673.97, which is approximately a 4.5% increase effective December 26, 2021.

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 requires the adoption of updated publicly available salary schedules by the governing body. The attached Resolution attaches and approves the updated salary plan for the classification of City Manager.

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 general wage increases have a total annual cost (as shown in the table below) of approximately \$3.0 million (all funds), of which approximately \$1.6 million is in the General Fund and \$1.4 million is in other funds.

Bargaining Unit	General Fund	All Funds
Employees' Association (Unit 5/7/8)	\$ 760,000	\$ 1,374,000
Misc. Unclassified Management (Unit 9)	\$ 814,000	\$ 1,635,000
TOTAL	\$ 1,574,000	\$ 3,009,000

Since the Council already approved the COLA adjustments in 2020, the wage increases have already been budgeted and were appropriately reflected in the City's FY 2021/22 and FY 2022/23 Adopted Budget. As these COLA adjustments are scheduled to take place during the middle of the current fiscal year, the anticipated total fiscal impact for FY 2021/22 is approximately \$1.5 million, of which approximately \$787,000 is in the General Fund and \$718,000 is in other funds. No additional budget action is required.

COORDINATION

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

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 administrative changes based on former Council action for the annual filing of salary plans for various classified and unclassified positions to satisfy the requirements of California Code of Regulations Section 570.5 effective December 26, 2021; and
2. Adopt a Resolution approving the Second Amendment to the City Manager's Employment Agreement by and between the City of Santa Clara and Deanna J. Santana to memorialize two years of 0% cost of living adjustment and to adjust the City Manager's base salary to \$468,673.97 effective December 26, 2021.

Prepared by: Aracely Azevedo, Director of Human Resources

Reviewed by: Sujata Reuter, Chief Assistant City Attorney

ATTACHMENTS

1. Classified Salary Plan (effective 2021-12-26) approved 2021-12-07
2. Unclassified Salary Plan (effective 2021-12-26) approved 2021-12-07
3. Resolution for Classified and Unclassified Salary Plans (effective 2021-12-26) approved 2021-12-07
4. Resolution of the City of Santa Clara to Amend the City Manager Employment Agreement
5. Second Amendment to Employment Agreement