



COUNCIL REPORT

DATE: June 25, 2024

CATEGORY: New Business

DEPT.: City Manager's Office and Human Resources

TITLE: **Resolutions Governing Employee Compensation for International Association of Firefighters (IAFF), Police Officers Association (POA), EAGLES, Service Employees International Union (SEIU), Unrepresented Employees, and Hourly Employees**

RECOMMENDATION

1. Adopt a Resolution of the City Council of the City of Mountain View Authorizing the City Manager or Designee to Amend the Memorandum of Understanding Between the International Association of Firefighters, Local 1965, and the City for the Period of July 1, 2024 Through June 30, 2027, and Revise the City's Salary Plan to Reflect These Compensation Changes, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Adopt a Resolution of the City Council of the City of Mountain View Authorizing the City Manager or Designee to Amend the Memorandum of Understanding Between the Mountain View Police Officers Association and the City for the Period of July 1, 2024 Through June 30, 2027, and Revise the City's Salary Plan to Reflect These Compensation Changes, to be read in title only, further reading waived (Attachment 2 to the Council report).
3. Adopt a Resolution of the City Council of the City of Mountain View Authorizing the City Manager or Designee to Modify Compensation for Unrepresented Confidential Employees, Fire Managers, Police Managers, Department Heads, and Council Appointees for the Period of July 1, 2024 Through June 30, 2027, and Revise the City's Salary Plan to Reflect These Compensation Changes, to be read in title only, further reading waived (Attachment 3 to the Council report).
4. Adopt a Resolution of the City Council of the City of Mountain View Authorizing the City Manager or Designee to Modify Compensation for Hourly Employees for the Period of July 1, 2024 Through June 30, 2027, and Revise the City's Hourly Salary Plan to Reflect These

Compensation Changes, to be read in title only, further reading waived (Attachment 4 to the Council report).

5. Adopt a Resolution of the City Council of the City of Mountain View Authorizing the City Manager or Designee to Amend the Memorandum of Understanding Between the EAGLES and the City of Mountain View, for the Period of July 1, 2024 Through June 30, 2027, and Revise the City's Salary Plan to Reflect These Compensation Changes, to be read in title only, further reading waived (Attachment 6 to the Council report).
6. Adopt a Resolution of the City Council of the City of Mountain View Authorizing the City Manager or Designee to Amend the Memorandum of Understanding Between the Service Employees International Union, Local 521 and the City of Mountain View, for the Period of July 1, 2024 Through June 30, 2027, and Revise the City's Salary Plan to Reflect These Compensation Changes, to be read in title only, further reading waived (Attachment 8 to the Council report).

BACKGROUND

The City of Mountain View values its employees and is committed to providing a positive work environment with competitive wages that sustain our community. The City prioritizes maintaining collaborative labor-management relationships through open communication, mutual understanding, respect, and investment in employee wellness, professional development, and engagement. The organization has a proven track record of fostering an effective partnership between employees and City management to serve the Mountain View community and create an exceptional workplace, which remains an integral focus for the organization both in the short and long term.

The City offers a range of employee programs, attractive benefits, step or merit increases, and Cost of Living Adjustments (COLAs) within its fiscal constraints and organizational priorities. In recent years, the City has rebuilt its critical organizational capacity to the level it was over twenty years ago. This effort is reflected in the addition of 45 positions in the past two years alone, returning to staffing levels last seen in 2001. This demonstrates the City's commitment to restoring the organizational strength to meet the needs of the community and address work-life balance.

During the onset of COVID-19, with the expiration of prior contracts in 2020, the City and represented groups negotiated a one-year extension through June 30, 2021, including COLAs for all employees. In the subsequent year and during the continued impacts of the pandemic, in 2021, the City and labor groups agreed upon a two-year compensation package which was later extended through June 30, 2024. Over the period of the three years, employees received a cumulative 12% COLA (3% for Fiscal Year 2021-22, 5% for Fiscal Year 2022-23, and 4% for Fiscal

Year 2023-24) in addition to market equity adjustments ranging from 2.5% to 7.5% for 91 non-safety classifications in 2022, and in addition to one-time pay of \$2,750 given to all employees for two years to recognize efforts made during the pandemic.

This was notably generous compared to similar organizations in our region that offered conservative or reduced salary increases due to pandemic-related budget uncertainty and revenue instability. Despite the uncertainty, the City prioritized providing the respective COLAs and equities to employees during this time, despite trends showing otherwise, to maintain the City's competitive position in the market, acknowledge the increasing workload due to COVID-19 requirements and legislation, and support financial health for staff during particularly challenging times. In addition, over the past decade, negotiated salary adjustments for City employee groups have consistently kept pace with and exceeded the Consumer Price Index (CPI).

In rebuilding organizational strength following the pandemic, the City's commitment to employees has remained a top priority. One of the major enhancements to City employee benefits to support employee health and well-being, as well as enhance recruitment and retention, was the City-initiated development and implementation of a Paid Parental Leave Pilot Program. This program launched in Fiscal Year (FY) 2023-24 and provides up to 320 hours, equivalent to eight weeks of paid leave, to all benefitted employees for each qualifying event (birth of a child, adoption, or foster care). This pilot program, implemented mid-contract and outside of the negotiations process, demonstrates the City's focus on maintaining Mountain View's great organizational culture to include supporting work-life harmony and well-being. Continuation of this program and additional program funding of \$1.0 million is included in the FY 2024-25 Recommended Budget.

Beginning in FY 2023-24, the ongoing Adopted budget also includes \$135,000 for employee wellness funds, distributed proportionally within each department, to be used for wellness events, customer service training, team-building events, ergonomic equipment, or facilitation of in-person retreats and team meetings, at the discretion of each department. Departments have utilized this funding to develop and deliver programs that will maintain and enhance the City's organizational culture, build strong teams for succession planning and collaboration, and focus on our employees' well-being.

As the City collaborated with bargaining groups for the current labor negotiations, the City's interest was to adjust compensation and benefits to provide total compensation packages that met the following organizational objectives:

- Attract and retain employees with the education, skills, and experience which enables them to continue providing the exceptional services and facilities to the residents, employees, and visitors in Mountain View.

- Ensure employee compensation is financially sustainable, so that the City can balance the operating budget on a structural basis, with ongoing revenues matching, or exceeding, ongoing expenditures, and also provide for long-term equipment and capital needs to maintain City service levels.
- Consider compensation costs over a multi-year period while retaining the ability to respond to changing economic conditions to the extent possible.
- For benefits, strive for consistency in benefit costs and programs for similarly situated employee groups and to deliver benefits that meet the needs of the employees and the organization.

Represented Groups

The current Memoranda of Understanding (MOU) for International Association of Firefighters (IAFF) and Police Officer's Association (POA) are scheduled to expire June 30, 2024. Beginning in March 2024, representatives of the City have met and collaborated with representatives of IAFF and POA to reach an agreement regarding wages, hours, and other terms and conditions of employment. The new proposed three-year agreements for IAFF and POA cover the period of July 1, 2024 through June 30, 2027. The MOU changes recommended in this report for Council consideration and approval have also been ratified by IAFF and POA members.

At the time of agenda posting, EAGLES and SEIU members are in the process of ratifying the proposed terms of their respective MOUs. The City is awaiting the results of the ratification process, therefore details on the terms for these two groups will be provided as Attachments 5 through 8 after agenda posting in the event that the terms are ratified.

IAFF

IAFF represents approximately 65 non-management, sworn Fire employees (Firefighter, Fire Engineer, Fire Captain, etc.) and three new nonmanagement sworn Fire positions that are included in the FY 2024-25 Recommended Budget for a total of 68 positions.

POA

POA represents approximately 84 non-management sworn Police employees (Police Officers and Police Sergeants) and 23.5 nonmanagement nonsworn Police employees (Community Services Officer, Police Records Specialist, etc.) for a total of 107.50 positions.

Unrepresented Groups

The current resolutions governing compensation for Unrepresented employees, comprised of Fire Managers, Police Managers, Confidential Employees, Department Heads, Council Appointees, and Hourly Employees are through June 30, 2024. In May 2024, representatives of the City met informally with unrepresented employee groups for an opportunity to share interests or information the unrepresented group would like the City to consider. The proposed resolutions governing compensation for unrepresented groups covers the period of July 1, 2024 through June 30, 2027. The following table outlines the unrepresented groups with corresponding headcount and classification types.

Group	Full Time Equivalent Budgeted Positions	Classification Types
Unrepresented Fire Managers	5	Deputy Fire Chief and Battalion Chiefs.
Unrepresented Police Managers	7	Police Captains and Police Lieutenants.
Unrepresented Confidential	36	Various positions in the City Manager’s Office, Human Resources Department, City Attorney’s Office, and Finance and Administrative Services Department.
Unrepresented Department Heads	12	Two in sworn/safety positions and ten in nonsworn/miscellaneous positions.
Council Appointees	3	City Attorney, City Clerk, and City Manager.

Historically, compensation for unrepresented employees generally tracks the basic terms of their respective represented colleagues. Additionally, Council Appointees are each directly employed by City Council, and their compensation aside from COLA is subject to individual employment agreements. The current contracts for each of these positions note that benefits are provided in parity with the nonsworn/miscellaneous Department Heads. If Council approves the recommended Department Head COLA and benefits changes, any changes applicable to Council Appointees are specified below and outlined in the resolution included as Attachment 3.

Negotiation Considerations

To meet the respective interests of the City and employee groups, while providing competitive package proposals, the City considers factors, such as: current budget and financial forecasts, total compensation survey data with external local agency comparators, market dynamics, CPI,

and the employees' continued commitment to paying an above-average portion of the City's CalPERS employer rate.

The total compensation surveys were conducted by an outside contractor to compare to local public agencies. The results of the total compensation surveys were shared with each employee group to inform discussions during negotiations. The surveys demonstrated that total compensation for all the classifications in IAFF and POA are considered at or above market; however, the sworn classifications have not maintained their previously strong market positions and are falling. To maintain market position for difficult to fill sworn classifications, given regional law enforcement and fire market dynamics, compensation packages presented herein include equity adjustments to the salary ranges for sworn classifications as outlined in this report.

The proposed negotiation packages outlined in this Council report align with the City's objectives to attract and retain highly qualified employees, remain financially sustainable, and offer competitive benefits, while meeting the priorities and interests of valued employee groups.

Key factors include:

- Cost-of-living adjustments (COLAs) to continue to keep pace with the cost of living in the region.
- Equity adjustments to maintain market position for identified classifications in a highly competitive labor market.
- Two additional observed holidays to recognize the state and federal holidays of Cesar Chavez Day and Juneteenth.
- Holiday-in-lieu for shift employees to align with the two additional observed City holidays proposed for non-sworn employees.
- Use of one-time funding during each year of the agreement to support each employee group's additional interests related to one-time deferred compensation employer contributions or one-time leave banks.
- Flat rate pay adjustments that have not been increased for several MOU terms to maintain relative value.
- Benefit enhancements to maintain competitive benefits, specifically:
 - *Dental*: IAFF, Fire Managers, Fire Chief, Nonsworn POA (NPOA), Police Managers and Police Chief will move to the City's enhanced dental plan as outlined below.

- Retiree Medical Vesting for Unrepresented Groups: Prior to 2007, the City's Unrepresented groups participated in a defined benefit plan that included a minimum vesting of five years. This benefit was tiered such that the City's contribution to medical premiums in retirement increased for those with 10 years and 15 years of service with a maximum City contribution to single party medical premiums of 85%.

In 2007, the City's defined benefit Retiree Medical Plan was modified to require 15 years of consecutive service and retirement from the City to qualify for benefits. The maximum City premiums contribution was set at 85% of an HMO. In addition, a defined contribution option was introduced in which the City contributes monthly to a retirement health savings account during an employee's tenure. This account is vested at five years and is transferable so that employees who do not retire with the City maintain the account upon separation to use for their medical expenses in retirement.

In the current highly competitive labor market, the City has experienced recruitments for which top candidates withdrew upon learning that their access to a defined benefit retiree medical plan requires a 15-year vesting period as compared to their current agency.

In response, the City surveyed numerous local agencies to benchmark the City's vesting period against comparable organizations and concluded that Mountain View's defined benefit vesting of 15 years is out of market for a public agency retiree medical vesting schedule. Seventy-five percent (75%) of agencies surveyed have a five-year vesting requirement and only two agencies, including Mountain View, have a vesting schedule that is over 10 years.

In further analyzing the attractiveness of Mountain View's defined benefit for unrepresented miscellaneous groups, the City found that of all 55 positions in these groups, only two employees are enrolled in the defined benefit, which is an election rate of under 4%. This enrollment further illustrates the fact that the structure of the current defined benefit does not meet the needs of these employees and is not an attractive benefit for recruitment and retention.

In response, the City worked with a consultant to evaluate the cost feasibility of alternate benefit designs for the unrepresented defined benefit plan. The proposed modification will not apply to retirees. The projected increase in normal cost is approximately \$120,000 annually. In addition, the City's unfunded liability is not projected to materially change from this proposal. Based on the benchmarking and

the actuarial analysis, staff is recommending the following modifications to the defined benefit retiree medical plan for unrepresented employees:

- Reinstitute a tier vesting schedule effective July 1, 2024 for new hires and current employees in the unrepresented miscellaneous groups with the following tiers:

Years of City Service upon Retirement	City Premiums Contribution Percentage (Single Coverage)
Greater than 5 years but less than 10 years	50%
At least 10 years but less than 15 years	65%
15 or greater years	85%

- Years of service must be in a benefit eligible classified, appointed, or elected position (hourly, extra-help service does not qualify).
- Eligibility will continue to require retirement upon separation. Employees must retire from the City and CalPERS when they separate from the City to access this benefit.
- Credit for prior years of City service will be granted for employees who are rehired. Five consecutive years of service are required following the subsequent hire date; however, prior years of service will be counted toward a higher benefit tier.
- Implement an election period for current unrepresented miscellaneous employees to forfeit their Defined Contribution enrollment and opt into the defined benefit.

SUMMARY OF PROPOSED CHANGES

The proposed changes to the MOU for employees represented by IAFF and POA as well as the proposed compensation for unrepresented groups are summarized below and detailed in the resolution included as Attachments 1-3. The proposed changes governing compensation for hourly employees are summarized below detailed in the resolution included as Attachment 4. The changes are consistent with direction provided by Council in Closed Session meetings on labor negotiation terms. The resolutions serve as the public reporting of action taken in Closed Session under the Brown Act relative to these employees.

The salary plan, listing all the salaries to be effective June 23, 2024, will be recommended for Council approval with the FY 2024-25 Recommended Budget that will be presented in the Public Hearing section of tonight's meeting.

Common Provisions for all Groups

Term: Three-year compensation packages beginning July 1, 2024 and ending June 30, 2027.

Flexible Spending Account: Effective January 1, 2025, increase the maximum amount employees may contribute to a medical Flexible Spending Account from \$2,500 to \$3,200 (or the IRS maximum, whichever is less) annually, to be administered in accordance with IRS guidelines.

Provisions for IAFF Members

4.0 Percent COLA and 1.0 Percent Equity Adjustment, Fiscal Year 2024-25: Effective June 23, 2024, the City shall amend the salary plan to increase the salary ranges for all classifications of IAFF employees by five percent (5%), of which four percent (4%) is a COLA and one percent (1%) is an equity adjustment in consideration of placement in the regional fire labor market.

3.0 Percent COLA and 1.0 Percent Equity Adjustment, Fiscal Year 2025-26: Effective the first pay period ending in July 2025, the City shall amend the salary plan to increase the salary ranges for all classifications of IAFF employees by four percent (4%), of which three percent (3%) is a COLA and one percent (1%) is an equity adjustment in consideration of placement in the regional fire labor market.

3.0 Percent COLA and 1.0 Percent Equity Adjustment, Fiscal Year 2026-27: Effective the first pay period ending in July 2026, the City shall amend the salary plan to increase the salary ranges for all classifications of IAFF employees by four percent (4%), of which three percent (3%) is a COLA and one percent (1%) is an equity adjustment in consideration of placement in the regional fire labor market.

Deferred Compensation Auto-Enrollment: As soon as administratively possible, all new hires and employees not currently enrolled will be automatically enrolled in the City's deferred compensation program with a 1% employee contribution. Employees may opt-out.

One-Time Deferred Compensation Employer Contributions: Effective the first full pay period in January 2025, the City will contribute a one-time lump sum of Two Thousand Five Hundred Dollars (\$2,500) to the deferred compensation 457(b) pre-tax account for each IAFF member in paid status on the date of payment.

Effective the first full pay period in January 2026, the City will contribute a one-time lump sum of Two Thousand Five Hundred Dollars (\$2,500) to the deferred compensation 457(b) pre-tax account for each IAFF member in paid status on the date of payment.

Effective the first full pay period in January 2027, the City will contribute a one-time lump sum of Two Thousand Five Hundred Dollars (\$2,500) to the deferred compensation 457(b) pre-tax account for each IAFF member in paid status on the date of payment.

Career Development Classification Levels: Effective June 23, 2024, the City shall amend the salary plan to increase the salary ranges associated with the Career Development Program (Levels 1-5 for each affected classification) by \$50.00 per month, paid biweekly and rounded to the nearest \$0.01.

Holidays and Holiday-in-Lieu: Upon City Council adoption of a resolution amending City observed holidays, anticipated by January 1, 2025, the City shall observe thirteen scheduled eight-hour paid holidays each calendar year, which adds Cesar Chavez Day and Juneteenth (hereinafter individually “New Holiday” or collectively “New Holidays”). In the event that a resolution adding the New Holidays to the City-wide holiday schedule has not been adopted before the date of one or both of the New Holidays occur, IAFF members on a 40-hour workweek who do not receive holiday in lieu will receive one 8-hour floating holiday for the New Holiday(s) that occurred before adoption. In recognition of the addition of these two holidays, eligible public safety employees in IAFF will receive an increase of 1%, for a total of 6.5%, of holiday in-lieu pay effective the pay period including July 1, 2025.

Bilingual Pay: Effective June 23, 2024, employees who meet the criteria for Level 2 (fluent), as determined by the Human Resources Department, shall be entitled to receive \$300 per month (\$138.46 biweekly based on 26 pay periods in one year).

Enhanced Dental Insurance Coverage: Effective January 1, 2025, the dental plan design will be changed to increase both the annual plan maximum (non-orthodontia) and lifetime plan maximum (orthodontia) by \$500 per insured person.

Compensatory Time Off: The annual payout of Compensatory Time Off for eligible employees will be automatically processed in the last pay period of December of each year to address constructive receipt issue.

Other Changes: Clean up and modification of MOU language to make updates and address operational issues and/or compliance in a variety of areas, including leaves, vacation and floating holiday scheduling and usage, recall for emergency sick leave, out of class pay, and uniforms.

Provisions for POA Members

4.0 Percent COLA and 1.0 Percent Equity Adjustment Fiscal Year 2024-25 for Sworn Members:

Effective June 23, 2024, the City shall amend the salary plan to increase the salary ranges for all classifications of sworn POA employees by five percent (5%), of which four percent (4%) is a COLA and one percent (1%) is an equity adjustment in consideration of recruitment challenges and competitive regional sworn law enforcement labor market.

3.0 Percent COLA and 1.0 Percent Equity Adjustment Fiscal Year 2025-26 for Sworn Members:

Effective the first pay period ending in July 2025, the City shall amend the salary plan to increase the salary ranges for all classifications of sworn POA employees by four percent (4%), of which three percent (3%) is a COLA and one percent (1%) is an equity adjustment in consideration of recruitment challenges and competitive regional sworn law enforcement labor market.

3.0 Percent COLA and 1.0 Percent Equity Adjustment Fiscal Year 2026-27 for Sworn Members:

Effective the first pay period ending in July 2026, the City shall amend the salary plan to increase the salary ranges for all classifications of sworn POA employees by four percent (4%), of which three percent (3%) is a COLA and one percent (1%) is an equity adjustment in consideration of recruitment challenges and competitive regional sworn law enforcement labor market.

4.0% COLA, Fiscal Year 2024-25 for Nonsworn Members: Effective June 23, 2024, the City shall amend the salary plan to increase the salary ranges for all classifications of nonsworn POA employees by four percent (4%).

3.0% COLA, Fiscal Year 2025-26 for Nonsworn Members: Effective the first pay period ending in July 2025, the City shall amend the salary plan to increase the salary ranges for all classifications of nonsworn POA employees by three percent (3%).

3.0% COLA, Fiscal Year 2026-27 for Nonsworn Members: Effective the first pay period ending in July 2026, the City shall amend the salary plan to increase the salary ranges for all classifications of nonsworn POA employees by three percent (3%).

Deferred Compensation Auto-Enrollment: As soon as administratively possible, all new hires will be automatically enrolled in the City's deferred compensation program with a 1% employee contribution. Employees may opt-out.

Master Officer Certification Program: Effective the first full pay period following July 1, 2025, the City shall amend the existing POST/Education Incentives to add the following levels which require

a combination of POST certification, education, years of service with Mountain View, and specialty assignments:

- Master Officer I: 9.5%
- Master Officer II: 10.5%

Percentages are not cumulative. The list of specialty assignments required for each level will be established by labor and management and outlined in the MOU.

Reimbursed Overtime: Effective as soon as possible, but no later than the pay period following August 1, 2024, represented members shall be entitled to overtime at the double-time rate (two times their base rate of pay) when scheduled to work an overtime assignment reimbursed by a for-profit entity and the for-profit entity reimburses the City at the higher rate. The double time overtime provision will be a standard term in the City's contract for third-party reimbursement of security services.

Specialty Pay Increases: Effective June 23, 2024, the City shall increase the flat rate specialty assignment pays currently at \$400 per month to \$500 per month (\$230.77 per pay period based on 26 pay periods in a year).

Holidays and Holiday-in-Lieu: Upon City Council adoption of a resolution amending City observed holidays, anticipated by January 1, 2025, the City shall observe 13 scheduled eight-hour paid holidays each calendar year, which adds Cesar Chavez Day and Juneteenth (hereinafter individually "New Holiday" or collectively "New Holidays"). In the event that a resolution adding the New Holidays to the City-wide holiday schedule has not been adopted before the date one or both of these New Holidays occur, nonsworn POA members will receive 8 hours of leave in accordance with MOU Section for holidays worked and holidays on regularly scheduled days off for the New Holiday(s) that occurred before adoption. In recognition of the addition of two holidays, eligible public safety employees in POA will receive an increase in holiday in-lieu pay of 1%, for a total of 6.5%, effective the pay period including July 1, 2025.

Bilingual Pay: Effective June 23, 2024, employees who meet the criteria, as determined by the Human Resources Department, shall be entitled to receive \$300 per month (\$138.46 biweekly based on 26 pay periods in one year).

One-Time Vacation Bank for Lateral Police Officers: Effective June 23, 2024, current sworn bargaining unit members who can demonstrate at least five years of service as an 830.1 Peace Officer prior to being hired by the City (e.g., based on the date of the POST Basic Certificate) will receive a one-time contribution of 40 hours of vacation. At the time of hire, the City Manager may grant an incoming sworn bargaining unit member up to 40 hours of vacation in recognition of prior service as a sworn Police Officer and to aid in recruitment.

One-Time Leave Hours for Nonsworn Members: Nonsworn members who are City employees on the date of City Council adoption of the MOU in 2024 will receive a one-time contribution of 40 hours of leave time (prorated for regular part-time employees). This leave must be used by Pay Period 2, 2025, or it will be cashed out with the Pay Period 2 payroll. Unused leave hours will be paid out upon separation or promotion to a classification in a different bargaining unit (e.g., Police Recruit promoting to Police Officer) in the case that separation/promotion occurs prior to the Pay Period 2, 2025 cash out.

Nonsworn members who are City employees the first full pay period in July 2025 will receive a one-time contribution of 40 hours of leave time (prorated for regular part-time employees). This leave must be used by Pay Period 2, 2026, or it will be cashed out with the Pay Period 2 payroll. Unused leave hours will be paid out upon separation or promotion to a classification in a different bargaining unit (e.g., Police Recruit promoting to Police Officer) in the case that separation/promotion occurs prior to the Pay Period 2, 2026 cash out.

Nonsworn members who are City employees the first full pay period in July 2026 will receive a one-time contribution of 40 hours of leave time (prorated for regular part-time employees). This leave must be used by Pay Period 2, 2027, or it will be cashed out with the Pay Period 2 payroll. Unused leave hours will be paid out upon separation or promotion to a classification in a different bargaining unit (e.g., Police Recruit promoting to Police Officer) in the case that separation/promotion occurs prior to the Pay Period 2, 2027 cash out.

Retiree Medical for Nonsworn Members: During the term of this Agreement, the parties will meet and confer to explore modifications to the defined benefit vesting structure. Any modifications to the existing structure will only be implemented by mutual agreement.

City Health Savings Account Contribution for New Enrollees in Kaiser High Deductible Health Plan (HDHP), Nonsworn Members: For nonsworn members who elect to participate in the HDHP, the following Health Savings Account (HSA) contribution schedule will apply for FY 2023-24 through FY 2026-27. When an employee enrolls in a HDHP for the first time, the City will contribute 100% of the plan deductible (\$1,600 for employee-only and \$3,200 for employee plus one or more dependents) into the employee's HSA as defined by the IRS. During one subsequent enrollment year, the City will contribute 50% of the plan deductible (\$800 for employee-only and \$1,600 for employee plus one or more dependents) into the employee's HSA as defined by the IRS. If an employee leaves the HDHP after their first year, and later returns to the plan, the City will contribute 50% of the plan deductible into the employee's HSA as defined by the IRS. Employees may contribute additional funds into their HSA up to the IRS annual maximums. Since HSA contribution limits are determined on a calendar/tax-year basis, a mid-year enrollment in an HSA may be subject to a prorated HSA contribution limit including a pro-rated City HSA contribution. Contributions in excess of the IRS limit may be subject to tax penalties. The combination of

employee, employer, and third-party contributions may not exceed the annual IRS limits. The City may change the contribution to the HSA after FY 2026-27.

Enhanced Dental for Nonsworn Members: Effective January 1, 2025, the dental plan design will be changed for non-sworn members to increase both the annual plan maximum (nonorthodontia) and lifetime plan maximum (orthodontia) by \$500 per insured person.

City Contribution to Flexible Spending Account (FSA), Nonsworn Members: Effective January 1, 2025, the City will discontinue the City's \$150 annual contribution to each non-sworn member's medical FSA in exchange for providing the enhanced dental benefit effective January 1, 2025.

Other Changes: Clean up and modification of MOU language to make updates and address operational issues and/or compliance in a variety of areas including removing outdated language that expired under prior MOUs, compensatory time off, specialty pay units, uniform reporting to CalPERS, leaves and definition of out-of-class pay.

Common Provisions for All Unrepresented Groups

Deferred Compensation Auto-Enrollment: As soon as administratively possible, all new hires and employees not currently enrolled will be automatically enrolled in the City's deferred compensation program with a 1% employee contribution. Employees may opt-out.

One-Time Deferred Compensation Employer Contributions: Effective the first full pay period in January 2025, the City will contribute a one-time lump sum of Two Thousand Five Hundred Dollars (\$2,500) to the deferred compensation 457(b) pre-tax account for each unrepresented member in paid status on the date of payment.

Effective the first full pay period in January 2026, the City will contribute a one-time lump sum of Two Thousand Five Hundred Dollars (\$2,500) to the deferred compensation 457(b) pre-tax account for each unrepresented member in paid status on the date of payment.

Effective the first full pay period in January 2027, the City will contribute a one-time lump sum of Two Thousand Five Hundred Dollars (\$2,500) to the deferred compensation 457(b) pre-tax account for each unrepresented member in paid status on the date of payment.

Holidays and Holiday-in-Lieu: Upon City Council adoption of a resolution amending City observed holidays, anticipated by January 1, 2025, the City shall observe 13 scheduled eight-hour paid holidays each calendar year, which adds Cesar Chavez Day and Juneteenth (hereinafter individually "New Holiday" or collectively "New Holidays"). In the event that a resolution adding the New Holidays to the City-wide holiday schedule has not been adopted before the date one or both of these New Holidays occur, unrepresented employees will receive one 8-hour floating

holiday for the New Holiday(s) that occurred before adoption. In recognition of the addition of two holidays, eligible public safety employees in Unrepresented Fire Managers and Unrepresented Police Managers who receive holiday-in-lieu, will receive an increase of 1%, for a total of 6.5%, of holiday in-lieu pay effective the pay period including July 1, 2025.

Common Provisions for Unrepresented Miscellaneous Employees (Confidential, Miscellaneous Department Heads and Council Appointees)

4.0% COLA, Fiscal Year 2024-25: Effective June 23, 2024, the City shall amend the salary plan to increase the salary ranges of all Unrepresented Miscellaneous employees by a four percent (4%) COLA.

3.0% COLA, Fiscal Year 2025-26: Effective the beginning of the pay period, including July 1, 2025, the City shall amend the salary plan to increase the salary ranges of all Unrepresented Miscellaneous employees by a three percent (3%) COLA.

3.0% COLA, Fiscal Year 2026-27: Effective the beginning of the pay period, including July 1, 2026, the City shall amend the salary plan to increase the salary ranges of all Unrepresented Miscellaneous employees by a three percent (3%) COLA.

Bilingual Pay: Employees who meet the criteria, as determined by the Human Resources Department, shall be entitled to receive \$300 per month (\$138.46 biweekly based on 26 pay periods in one year). Approval for Department Heads is at the discretion of the City Manager. (Council Appointees excluded.)

Sick Leave Incentive: In 2012, Unrepresented Confidential, Department Head, and Council Appointee employees agreed to reduce their sick leave incentive benefit during an economic downturn. This benefit will be restored effective the first pay period ending in July 2024, as employees who do not use sick leave for each payroll calendar quarter, shall provide eight hours of vacation per quarter.

Retiree Medical: Reinstigate a tier vesting schedule effective July 1, 2024 for new hires and current employees in the unrepresented miscellaneous groups with the following tiers:

Years of City Service upon Retirement	City Premiums Contribution Percentage (Single Coverage)
Greater than 5 years but less than 10 years	50%
At least 10 years but less than 15 years	65%
15 or greater Years	85%

Years of service must be in a benefit eligible classified, appointed or elected position (hourly, extra-help service does not qualify).

Eligibility will continue to require retirement upon separation. Employees must retire from the City and CalPERS when they separate from the City to access this benefit.

Credit for prior years of City service will be granted for employees who are rehired. Five consecutive years of service are required following the subsequent hire date; however, prior years of service will be counted toward a higher benefit tier.

Implement an election period for current unrepresented miscellaneous employees to forfeit their Defined Contribution enrollment and opt into the defined benefit.

City Health Savings Account Contribution for New Enrollees in Kaiser High Deductible Health Plan (HDHP): For miscellaneous employees who elect to participate in the HDHP, the following Health Savings Account (HSA) contribution schedule will apply for FY 2023-24 through FY 2026-27. When an employee enrolls in a HDHP for the first time, the City will contribute 100% of the plan deductible (\$1,600 for employee-only and \$3,200 for employee plus one or more dependents) into the employee's HSA as defined by the IRS. During one subsequent enrollment year, the City will contribute 50% of the plan deductible (\$800 for employee-only and \$1,600 for employee plus one or more dependents) into the employee's HSA as defined by the IRS. If an employee leaves the HDHP after their first year, and later returns to the plan, the City will contribute 50% of the plan deductible into the employee's HSA as defined by the IRS. Employees may contribute additional funds into their HSA up to the IRS annual maximums. Since HSA contribution limits are determined on a calendar/tax-year basis, a mid-year enrollment in an HSA may be subject to a prorated HSA contribution limit including a pro-rated City HSA contribution. Contributions in excess of the IRS limit may be subject to tax penalties. The combination of employee, employer, and third-party contributions may not exceed the annual IRS limits. The City may change the contribution to the HSA after FY 2026-27.

Compensatory Time Off: The annual payout of Compensatory Time Off for eligible employees will be automatically processed in the last pay period of December of each year to address constructive receipt issue.

Common Provisions for Unrepresented Fire Managers and Fire Chief

4.0 Percent COLA and 1.0 Percent Equity Adjustment, Fiscal Year 2024-25: Effective June 23, 2024, the City shall amend the salary plan to increase the salary ranges of Fire Managers and Fire Chief by five percent (5%), of which four percent (4%) is a COLA and one percent (1%) is an equity adjustment in consideration of maintaining appropriate differentials with represented sworn fire

classifications and to promote retention and succession planning in a competitive regional fire labor market.

3.0 Percent COLA and 1.0 Percent Equity Adjustment, Fiscal Year 2025-26: Effective the first pay period ending in July 2025, the City shall amend the salary plan to increase the salary ranges of Fire Managers and Fire Chief by four percent (4%), of which three percent (3%) is a COLA and one percent (1%) is an equity adjustment in consideration of maintaining appropriate differentials with represented sworn fire classifications and to promote retention and succession planning in a competitive regional fire labor market.

3.0 Percent COLA and 1.0 Percent Equity Adjustment, Fiscal Year 2026-27: Effective the first pay period ending in July 2026, the City shall amend the salary plan to increase the salary ranges of Fire Managers and Fire Chief by 4%, of which 3% is a COLA and 1% is an equity adjustment in consideration of maintaining appropriate differentials with represented sworn fire classifications and to promote retention and succession planning in a competitive regional fire labor market.

Bilingual Pay: Employees who meet the criteria for Level 2 (fluent), as determined by the Human Resources Department, shall be entitled to receive \$300 per month (\$138.46 biweekly based on 26 pay periods in one year). Approval for Department Heads is at the discretion of the City Manager.

Enhanced Dental: Effective January 1, 2025, the dental plan design will be changed for Unrepresented Fire Managers and Fire Chief to increase both the annual plan maximum (nonorthodontia) and lifetime plan maximum (orthodontia) by \$500 per insured person.

City Contribution to Flexible Spending Account (FSA): Effective January 1, 2025, the City will discontinue the City's One Hundred Fifty Dollars (\$150) annual contribution to each employee's medical FSA in exchange for providing the enhanced dental benefit effective January 1, 2025.

Sick Leave Incentive: In 2012, Unrepresented Fire Managers and Department Head employees agreed to reduce their sick leave incentive benefit during an economic downturn. This benefit will be restored effective the first pay period ending in July 2024, as employees who do not use sick leave for each payroll calendar quarter, shall provide eight hours of vacation per quarter.

Additional Provisions for Fire Managers

Career Development Program Payments: Effective June 23, 2024, increase the flat amount career development level payments which have not been adjusted since 2015, as follows:

- Level 1: Increase from \$400 to \$450 per month
- Level 2: Increase from \$475 to \$525 per month
- Level 3: Increase from \$600 to \$625 per month

Common Provisions for Unrepresented Police Managers and Police Chief

4.0 Percent COLA and 1.0 Percent Equity Adjustment Fiscal Year 2024-25: Effective June 23, 2024, the City shall amend the salary plan to increase the salary ranges of Police Managers and Police Chief by five percent (5%), of which four percent (4%) is a COLA and one percent (1%) is an equity adjustment in consideration of maintaining appropriate differentials with represented sworn police classifications and to promote retention and succession planning in a competitive regional sworn law enforcement labor market.

3.0 Percent COLA and 1.0 Percent Equity Adjustment Fiscal Year 2025-26: Effective the first pay period ending in July 2025, the City shall amend the salary plan to increase the salary of Police Managers and Police Chief by four percent (4%), of which three percent (3%) is a COLA and one percent (1%) is an equity adjustment in consideration of maintaining appropriate differentials with represented sworn police classifications and to promote retention and succession planning in a competitive regional sworn law enforcement labor market.

3.0 Percent COLA and 1.0 Percent Equity Adjustment Fiscal Year 2026-27: Effective the first pay period ending in July 2026, the City shall amend the salary plan to increase the salary ranges of Police Managers and Police Chief by four percent (4%), of which three percent (3%) is a COLA and one percent (1%) is an equity adjustment in consideration of maintaining appropriate differentials with represented sworn police classifications and to promote retention and succession planning in a competitive regional sworn law enforcement labor market.

Employee Cost Share Modification for Unrepresented Police Managers and Police Chief: In 2012, Unrepresented Police Managers agreed to a concession of 0.65% in addition to their existing cost share amount during an economic downturn. This additional cost share is in excess of all other safety employee cost shares and will be discontinued. As soon as administratively practicable with CalPERS, the City will initiate a contract amendment to reduce the cost share by 0.65% Unrepresented Police Managers and Police Chief in all retirement formulas.

Bilingual Pay: Employees who meet the criteria, as determined by the Human Resources Department, shall be entitled to receive \$300 per month (\$138.46 biweekly based on 26 pay periods in one year). Approval for Department Heads is at the discretion of the City Manager.

Enhanced Dental: Effective January 1, 2025, the dental plan design will be changed for Unrepresented Police Managers and Police Chief in to increase both the annual plan maximum (non-orthodontia) and lifetime plan maximum (orthodontia) by Five Hundred Dollars (\$500) per insured person.

City Contribution to Flexible Spending Account (FSA): Effective January 1, 2025, the City will discontinue the City's One Hundred Fifty Dollars (\$150) annual contribution to each employee's medical FSA in exchange for providing the enhanced dental benefit effective January 1, 2025.

Additional Provisions for Police Managers

Career Incentive Program Payments: Effective June 23, 2024, increase the flat amount career incentive level payments which have not been adjusted since 2007, as follows:

- Level 1: Increase from \$490 to \$600 per month
- Level 2: Increase from \$640 to \$725 per month
- Level 3: Increase from \$785 to \$850 per month

Reimbursed Additional Shifts: Effective as soon as administratively possible, Unrepresented Fire Managers assigned by the department to work a for-profit entity event outside of their regular schedule and for which their time is reimbursed by the for-profit entity, will be paid double their base hourly rate.

Additional Provisions for Police Chief

Sick Leave Incentive: In 2012, Unrepresented Department Head employees agreed to reduce their sick leave incentive benefit during an economic downturn. This benefit will be restored to the Police Chief effective the first pay period ending in July 2024, as employees who do not use sick leave for each payroll calendar quarter, shall provide eight hours of vacation per quarter.

Hourly Employee Compensation and Salary Plan Adjustments

4.0% COLA, Fiscal Year 2024-25: Effective June 23, 2024, the City shall amend the hourly salary plan to increase the salary ranges of all Hourly classifications by a four percent (4%) COLA, with the exception of hourly Police Reserve Rate 1, which is set to match minimum wage and, therefore, will not be adjusted.

3.0% COLA, Fiscal Year 2025-26: Effective the beginning of the pay period, including July 1, 2025, the City shall amend the hourly salary plan to increase the salary ranges of all Hourly classifications by a three percent (3%) COLA, with the exception of hourly Police Reserve Rate 1, which is set to match minimum wage and, therefore, will not be adjusted.

3.0% COLA, Fiscal Year 2026-27: Effective the beginning of the pay period, including July 1, 2026, the City shall amend the hourly salary plan to increase the salary ranges of all Hourly classifications by a three percent (3%) COLA, with the exception of hourly Police Reserve Rate 1, which is set to match minimum wage and, therefore, will not be adjusted.

FISCAL IMPACT

The fiscal impact of the proposed COLAs and compensation packages for all IAFF, POA, Unrepresented employees, and hourly employees will be reflected in the FY 2024-25 Adopted Budget and the General Operating Fund Five-Year Financial Forecast. Salary plans reflecting wage increases and equity adjustments will be adopted with the operating and capital budgets at the June 25, 2024 City Council meeting. Staff has included the costs of the proposed ongoing compensation adjustments and one-time compensation in current budget forecasts and will also include them in the development of the FY 2025-26 and FY 2026-27 Recommended Budgets.

ALTERNATIVES

1. Do not adopt the proposed resolutions governing compensation for IAFF, POA, Unrepresented employees and Hourly employees and modifying the City's salary plans.
2. Provide other direction.

PUBLIC NOTICING—Agenda posting. Attachments 5 through 8 will be provided after agenda posting.

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MG-LB/4/CAM
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- Attachments:
1. Resolution—IAFF Employees
 2. Resolution—POA Employees
 3. Resolution—Unrepresented Employees
 4. Resolution—Hourly Employees
 5. Supplemental Council Report—EAGLES Employees
 6. Resolution—EAGLES Employees
 7. Supplemental Council Report—SEIU Employees
 8. Resolution—SEIU Employees