



City of Sunnyvale

Agenda Item-No Attachments (PDF)

File #: 15-1071, Version: 1

REPORT TO COUNCIL

SUBJECT

Adopt Memorandum of Understanding between the City of Sunnyvale and the Sunnyvale Managers Association (SMA) and the Corresponding Resolutions to (1) Amend the City's Salary Resolution and (2) Pay and Report the Value of Employer Paid Member Contributions for CalPERS Retirement

BACKGROUND

A tentative agreement (Attachment 1) has been reached between the City of Sunnyvale (City) and the Sunnyvale Managers Association (SMA) on a successor Memorandum of Understanding (MOU) (Attachments 2 and 3). SMA represents 76 budgeted positions City-wide. This report recommends adoption of the provisions of the 2015 - 2018 MOU. This agreement, if approved by the City Council, will be effective July 1, 2015 through and including June 30, 2018.

The MOU between the City and SMA expired on June 30, 2015. Negotiations for the City and SMA began the meet and confer process in February 2015 and met six times, in addition to numerous exchanges by telephone and email, in an effort to reach an agreement. On April 13, 2015, SMA declared impasse and invoked the impasse procedures.

The Municipal Employee Relations Officer (MERO) held an impasse meeting on May 5, 2015 with City and SMA representatives in an effort to reach agreement on the unresolved issues.

On July 28, 2015, the City and SMA met with a mediator assigned by the State Mediation and Conciliation Service. No agreement was reached through mediation. The parties started discussions again on November 2, 2015. A tentative agreement was reached on November 18, 2015, and the City was notified on November 18, 2015 that the SMA membership ratified the agreement.

EXISTING POLICY

Council Policy 7.3.1 Legislative Management - Goals and Policies, Goal 7.3D: Maintain a quality work force, consistent with state and federal laws, City Charter, and adopted policies in order to assure that City services are provided in an effective, efficient, and high quality manner.

ENVIRONMENTAL REVIEW

N/A

DISCUSSION

The significant provisions of the proposed amendments to the MOU (Attachments 2 and 3) and Resolutions (Attachments 4 and 5) are as follows:

Wages

Salary adjustments during the term of the agreement:

- Year 1 - Effective July 1, 2015: 3.5% general wage increase.
- Year 2 - Effective July 3, 2016: 2.5% general wage increase.
- Year 3 - Effective July 2, 2017: 1.5% general wage increase.
- Off salary schedule pay equal to 1% of annual salary per year.

Retirement

Increase the CalPERS retirement employee contributions for CalPERS classic members:

- Effective July 1, 2015, employees shall pay an additional 1% of the employee contribution. Classic tier 1 employees shall pay 5% of the 8% employee contribution, and classic tier 2 employees shall pay 4% of the 7% employee contribution.
- Effective July 3, 2016, employees shall pay an additional 1% of the employee contribution. Classic tier 1 employees shall pay 6% of the 8% employee contribution, and classic tier 2 employees shall pay 5% of the 7% employee contribution.
- Effective July 2, 2017, employees shall pay an additional 1% of the employee contribution. Classic tier 1 employees shall pay 7% of the 8% employee contribution, and classic tier 2 employees shall pay 6% of the 7% employee contribution.

CalPERS allows the value of City-paid member contributions to be reported as compensation. The City has reported its contributions this way for several years and the attached Resolution adjusting the value of these employer-paid member contributions is required by CalPERS to reflect the revisions described above.

Cash In-Lieu of Medical Coverage

The existing cash in-lieu of medical coverage program affords SMA represented employees to receive a payment of \$82.33 to \$213.42 per month by reducing their medical coverage. The existing program does not require employees to waive medical coverage entirely. This program is modified so that employees are eligible for payment only by opting out of medical coverage entirely. The payment amount shall be \$82.33 to \$213.42 per month, depending on the number of dependents eligible to enroll.

Paid Leave

Paid Time Off (PTO)

A new PTO accrual tier is added for 17+ to 25 years of service, accruing at 11.5 hours per pay period. Currently, SMA represented employees with 10+ to 25 years of service accrue 10.5 hours per pay period. In addition, the City Manager may authorize a higher accrual rate for new hires or promoted employees.

Paid Medical Leave (PML)

The existing Paid Medical Leave (PML) program affords SMA represented employees with 90 days of paid leave per illness or injury, with a requirement of employees using PTO for the first 80 hours of absence for the illness or injury. PML is not an accrued benefit and is afforded to all SMA represented employees who have completed 26 consecutive pay periods of service.

The PML program is modified requiring employees to use PTO for the first 100 hours of absence for the illness or injury. Effective July 1, 2017, the PTO use requirement is further modified to 120 hours.

Workers' Compensation

SMA represented employees are eligible for Workers' Compensation benefits as provided by state law during the first 26 pay periods of service. After 26 pay periods of service, the City shall provide full pay for a medically certified work-related (same occurrence) illness or injury during the first 60 calendar days of illness/injury. Employees are currently provided with full pay for 90 calendar days of illness or injury.

Floating Holiday

Increase annual floating holiday hours from 20 hours to 30 hours per payroll calendar year.

Administrative Leave

Increase annual administrative leave hours from 40 hours to 50 hours per payroll calendar year.

Other Benefits

Out of Class Pay for Special Assignment Work

A new provision is added, offering SMA represented employees a 5% premium for special/temporary assignment that is clearly beyond the scope of their regular job description.

Tuition Reimbursement

Increase tuition reimbursement from \$1,500 to \$2,000 per eligible employee per fiscal year.

Assistant Director of Finance Classification Unit Designation

The Assistant Director of Finance classification will move from SMA to unrepresented classified management (Category D). Due to the unit designation change, the Assistant Director of Finance will receive the 2% general wage increase already approved for Category D employees retroactive to July 2015, and the 1% off salary schedule pay in November 2015 for FY 2015/16. The new salary range is included in the revisions to the salary resolution (Attachment 4).

Minor Changes and Updates to MOU for Clarification

The MOU contains several minor changes and language clarifications.

Salary Resolution

Provisions of the Salary Resolution that will be affected by the adoption of the 2015 - 2018 SMA MOU are updated, including the salary table.

FISCAL IMPACT

The fiscal impact of the proposed amendments range from no impact to modest and additional costs for FY 2015/16 can be absorbed in the current budget. Items of note are wages, leaves and retirement costs. For the three year term of the proposed contract, the City's budget and long-term financial plan includes annual wage increases of 2% per year for a total of 6% over three years. The proposed MOU provides 7.5% over three years. For FY 2015/16, the additional cost for salaries is approximately \$177,000 and can be absorbed within the existing budget. The impact is across all funds where SMA positions are budgeted. Over the twenty-year plan, the additional cost is \$4.4

million. With the General Fund ending FY 2014/15 in a better fiscal position than budgeted, it is anticipated that the additional cost will have a modest impact on the General Fund long-term financial plan. The impact on other funds is small and can be absorbed with minimal impact.

The off salary schedule pay of 1% is approximately \$80,000 annually for three years and will be absorbed in the current budget. The additional leave hours calculates to approximately \$80,000 annually ongoing but the actual cost to the City will be less as some of the leave hours will replace work hours that are already budgeted. The additional employee contributions for the employee contribution rate for the three year term matches the proposed increased employee contributions reflected in the budget and long-term financial plan.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

ALTERNATIVES

1. Adopt the Memorandum of Understanding between the City of Sunnyvale and the Sunnyvale Managers Association (Attachment 3), and the corresponding Resolutions (1) amending the City's Salary Resolution, No. 190-05, by amending the pay schedule and benefits for employees represented by the Sunnyvale Managers Association and the pay schedule for the unrepresented position of Assistant Director of Finance (Attachment 4), and (2) for Paying and Reporting the Value of Employer Paid Member Contributions to CalPERS (Attachment 5).
2. Do not adopt the Memorandum of Understanding between the City of Sunnyvale and the Sunnyvale Managers Association and the corresponding Resolutions and continue negotiations for a successor MOU.

STAFF RECOMMENDATION

Alternative 1: Adopt the Memorandum of Understanding between the City of Sunnyvale and the Sunnyvale Managers Association, and the corresponding Resolutions (1) amending the City's Salary Resolution 190-05, by amending the pay schedule and benefits for employees represented by the Sunnyvale Managers Association and the pay schedule for the unrepresented position of Assistant Director of Finance and (2) for Paying and Reporting the Value of Employer Paid Member Contributions to CalPERS.

Prepared by: Vienne Choi, Principal Human Resources Analyst

Reviewed by: Teri Silva, Director, Human Resources

Reviewed by: Kent Steffens, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Tentative agreement between the City of Sunnyvale and the Sunnyvale Managers Association
2. 2015 - 2018 MOU with track changes
3. 2015 - 2018 MOU
4. Resolution amending Resolution No. 190-05, the City's Salary Resolution, by amending the pay schedule and benefits for employees represented by the Sunnyvale Managers Association and the pay schedule for the unrepresented position of Assistant Director of Finance

5. Resolution for Paying and Reporting the Value of CalPERS Employer Paid Member Contributions for the Sunnyvale Managers Association