



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Approve Memorandum of Understanding between the City of Sunnyvale and the Public Safety Officers Association 2015-2020 and Resolution to Amend the City's Salary Resolution and the Schedule of Pay to Increase Salaries for Pay Plan Category C (Classified Public Safety Officers and Lieutenants) and Pay Plan Category D/E (Public Safety Captains and Public Safety Deputy Chiefs)

BACKGROUND

A Tentative Agreement has been reached between the City of Sunnyvale (City) and the Public Safety Officers Association (PSOA) on a successor Memorandum of Understanding (MOU). PSOA represents Public Safety Officers and Public Safety Lieutenants. This report recommends approval of the MOU, which, if approved by the City Council, will be in effect from July 1, 2015 through and including December 31, 2020.

The MOU between the City and PSOA expired on June 30, 2015. Negotiators for the City and PSOA began the meet and confer process in April 2015 and met 22 times in an effort to reach an agreement. A Tentative Agreement was reached on July 26, 2016, and on August 12, 2016, the City was notified that the PSOA membership ratified this agreement.

The MOU between the City and the Public Safety Managers Association (PSMA) provides that, "Members in the PSMA bargaining group will receive the same percentage of salary increase as the Public Safety Officers Association Lieutenant." (MOU Section 12.2.). However, the MOU between the PSMA and the City expired on June 30, 2015. Although the PSMA MOU is expired and subject to negotiation, staff recommends, and the PSMA has agreed, to maintain the differential between the ranks of Lieutenant and Captain by providing the same wage increase to PSMA bargaining unit members as that provided to employees in the Lieutenant classification, effective retroactively to July 1, 2016 to avoid compaction between employees in the rank of Captain and the Lieutenants they supervise. Particularly given the challenges in public safety recruitment and numerous recent and upcoming retirements in the Department of Public Safety, avoiding compaction is currently an important consideration for recruitment and retention.

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

The action being considered does not constitute a "project" with 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.

DISCUSSION

The significant provisions of the new MOU are as follows:

Salary Survey

The longstanding method for determining PSOA salaries has been an annual survey of 12 comparator agencies, with PSOA salaries set 11% above the average of the eight highest agencies using total compensation. The current Salary Survey elements will remain the same in this MOU, but the survey comparable agencies will be reduced from 12 to 8 (cities of Alameda, Fremont, Hayward, Milpitas, Mountain View, Richmond, San Leandro and Santa Clara). The survey will use the average total compensation from all 8 agencies versus dropping the four lowest total compensation agencies identified in the previous 12 agency survey. Compensation shall continue to be set at eleven percent (11%) above the average total compensation from the eight cities listed above.

Wages

Based on the results of this year's survey, and as discussed above, it is recommended that the Pay Plan Category C and D/E of the Schedule of Pay of the Salary Resolution be amended to reflect the new pay rates for the following classifications, increased by the indicated percentages, effective retroactive to July 1, 2016:

- 1.37 percent Public Safety Officer II,
- 1.34 percent Public Safety Lieutenant, and
- 1.34 percent for Public Safety Captains and Public Safety Deputy Chiefs.

Pursuant to the Salary Resolution, the classification of Public Safety Officer-in-Training is set at 10 percent (10%) below Public Safety Officer II. The classification of Public Safety Officer I is set at 5 percent (5%) above Public Safety Officer-in-Training.

Retirement

The total employee share of retirement required by CalPERS is 9% for safety employees in Tier 1 and Tier 2. Employees will continue to pay three percent (3%) of the employee's contribution for retirement, and the City will continue to pay six percent (6%). The City's payment of the portion of the CalPERS employee share is commonly called the Employer Paid Member Contribution (EPMC).

Paid Time Off (PTO)

Consistent with the other employee associations, PSOA will now receive Paid Time Off (PTO) instead of Vacation, Emergency Family Leave, and Medical Appointment Leave. The employee will use the first 120 hours of PTO to qualify for use of Paid Medical Leave (PML) versus eligibility for PML from the first day of illness. In recognition of this conversion, the City will provide PSOA employees a one-time credit of 60 hours of PTO.

Bereavement Leave

Bereavement Leave will be available to employees immediately versus after a six-month waiting period. Further, step-parents will be added as eligible relationships for bereavement leave. Bereavement leave will have to be used within six months of the eligible incident. The City reserves the right to require proof of death.

Translator/Bilingual Pay

This MOU updates the language proficiency scale and increases translator/bilingual pay amounts from \$25 per month to \$50 per month for intermediate proficiency and from \$50 per month to \$85 per month for advanced proficiency.

Clothing Allowance

The clothing allowance will increase from \$50 per month to \$75 per month for eligible assignments.

FISCAL IMPACT

While the majority of the changes provided for in the tentative agreement are minor from a fiscal perspective, the three most significant impacts are in the salary adjustments produced by the survey, the maintenance of the EPMC at 3% of salary, and the one-time grant of 60 hours of Paid Time Off.

The City's budget assumes a 3% increase in salaries for all sworn personnel. With the survey results producing lower than budgeted salaries, it is anticipated that the one year savings will be approximately \$700,000. Additionally, this will lower the forecasted salary base going forward, yielding approximately \$20 million in savings over twenty years.

As noted above, the City currently makes a 6% Employer Paid Member Contribution to retirement. With the adoption of the Fiscal Year 2016/17 Budget, the City took the first step toward viewing salary and benefits as a total compensation package versus just salary. Under this new, more strategic approach, this MOU maintains the current EPMC. This is estimated to cost approximately \$800,000 in the first year, and \$26 million over twenty years. However this is less costly over time than providing salary increases to offset increased employee payments (the typical approach collective bargaining groups generally seek). It is also important to note that as more new employees are hired on the third tier, the total cost of EPMC declines as the Public Employee Pension Reform Act (PEPRA) requires that third tier employees pay 50% of the normal annual pension contributions.

Lastly, the one time grant of 60 hours of PTO has a one time cost impact of approximately \$800,000. It is anticipated that the conversion to PTO from vacation and paid medical leave will cost the city more, but that productivity increases over time will offset this cost, particularly because use of paid medical leave will be more limited. Budget Modification No. 8 has been prepared to appropriate \$100,000 to the operating budget for the Department of Public Safety to fund the difference between the salary adjustment savings, and the EPMC expense, and to appropriate \$800,000 to the Employee Benefits Fund for the one time PTO grant. The actual appropriation for Public Safety operations will be prorated across the department's various operating programs based on budgeted salaries.

Budget Modification No. 8 FY 2016/17

	Current	Increase/ (Decrease)	Revised
<u>General Fund</u>			
<u>Expenditures:</u>			
Department of Public Safety Operating Budget	\$86,419,051	\$100,000	\$86,519,051
Transfers:			

Transfer out to Employee	\$0	\$800,000	\$800,000
Benefits Fund			
Reserves:			
Budget Stabilization Fund	\$44,936,195	(\$900,000)	\$44,136,195
Reserve			
Employee Benefits Fund			
Transfers:			
Transfer in from General	\$0	\$800,000	\$800,000
Fund			
Program 781 - Employee	\$17,599,653	\$800,000	\$18,399,653
Leave Benefits			

Funding Source:

Costs for safety employee compensation is funded by the General Fund.

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. Authorize the City Manager to Execute the Memorandum of Understanding between the City of Sunnyvale and the Public Safety Officers Association, and adopt the Resolution amending the City's Salary Resolution and the Schedule of Pay to Increase Salaries for Pay Plan Category C (PSOA - Classified Public Safety Officers and Lieutenants) and Category D/E (PSMA - Public Safety Captains and Public Safety Deputy Chiefs)
2. Do not authorize the City Manager to Execute the Memorandum of Understanding between the City of Sunnyvale and the Public Safety Officers Association and do not adopt the Resolution.

STAFF RECOMMENDATION

Alternative 1: Authorize the City Manager to Execute the Memorandum of Understanding between the City of Sunnyvale and the Public Safety Officers Association, and adopt the Resolution amending the City's Salary Resolution and the Schedule of Pay to Increase Salaries for Pay Plan Category C (PSOA - Classified Public Safety Officers and Lieutenants) and Category D/E (PSMA -Public Safety Captains and Public Safety Deputy Chiefs)

Prepared by: Anthony Giles, Human Resources Manager
Reviewed by: Teri Silva, Director, Department of Human Resources
Reviewed by: Walter C. Rossmann, Assistant City Manager
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Memorandum of Understanding between the City of Sunnyvale and the Public Safety Officers Association (PSOA) 2015 - 2020 with no markup.
2. Memorandum of Understanding between the City of Sunnyvale and the Public Safety Officers Association (PSOA) 2015 - 2020 - redlined version

3. 05/15/2016 Total Compensation Survey - Public Safety Officer
4. 05/15/2016 Total Compensation Survey - Public Safety Lieutenant
5. Excerpt of Salary Table Affecting PSOA and PSMA Classifications
6. Resolution Amending the City's Salary Resolution and the Schedule of Pay to Increase Salaries for Pay Plan Category C (Classified Public Safety Officers and Lieutenants) and Category D/E (Public Safety Captains and Public Safety Deputy Chiefs)