



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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File #: 17-0550, Version: 1

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### REPORT TO COUNCIL

#### **SUBJECT**

Approve Memorandum of Understanding between the City of Sunnyvale and the Sunnyvale Employees Association 2015-2019 and the Retirement Memorandum of Understanding 2017 - 2027, and Adopt a Resolution Amending the City's Salary Resolution and the Schedule of Pay to Increase Salaries for Pay Plan Category B (Sunnyvale Employees Association) and Adopt a Resolution Authorizing the City Manager to Exceed Appropriations for the FY 2016/17 Adopted Budget for governmental and agency funds.

#### **BACKGROUND**

A Tentative Agreement has been reached between the City of Sunnyvale (City) and the Sunnyvale Employees Association (SEA) on a successor Memorandum of Understanding (MOU). SEA represents non-management miscellaneous employees. 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 June 30, 2019.

The MOU between the City and SEA expired on June 30, 2015. Negotiators for the City and SEA began the meet and confer process in May 2015 and met 28 times in an effort to reach an agreement. A Tentative Agreement was reached on May 1, 2017. On May 9, 2017 SEA membership held a vote and the City was notified that the SEA membership ratified the attached agreements.

#### **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:

##### **Wages**

- 5.5% general wage increase retroactive to the first full pay period of July 2016 effective the first full pay period inclusive of Council approval

- 4% general wage increase effective the first full pay period of July 2017
- 2% general wage increase effective the first full pay period of July 2018

### **Hazardous Duty Pay**

- Increase pay from 0.5% to 1.5%
- Increase eligibility and add classifications

### **Retirement**

The cost of retirement to the California Public Employee Retirement System (CalPERS) is paid in two ways, the City's share, and the employee's share. Cities typically pay the City share and may pay all, a portion of, or none of the employee share. City payment of any portion of the employee share is called the Employer Paid Member Contribution (EPMC). The amount of EPMC is negotiable.

The total employee share of retirement costs is capped by law at 8% of pay for Tier 1 miscellaneous employees (2.7% at 55 formula) and 7% of pay for Tier 2 miscellaneous employees (2% at 60 retirement formula). The City will continue to pay 4% of this cost (the EPMC) as the City's actuary has determined that continuing to pay the EPMC is more cost effective for the City in the long-run rather than offsetting the elimination of the EPMC with salary increases as proposed by SEA during these negotiations. Tier 1 employees will continue to pay 4%, and Tier 2 employees will continue to pay 3% of EPMC.

As part of these negotiations, the City and SEA have also agreed upon a separate Retirement Memorandum of Understanding. This separate agreement commits the City to continue to pay an EPMC of 4% for Tier 1 and Tier 2 employees through June 30, 2027.

### **Trainer Compensation**

Add 5% compensation for Community Service Officers performing training officer duties.

### **Shift Differential**

Add 5% differential for employees regularly assigned to swing, graveyard or relief shifts.

### **Cash In-Lieu of Medical Coverage**

This benefit is eliminated.

### **Dental Insurance**

Reduce enrollment waiting period from 6 months to the month following an employee's date of hire.

### **Bereavement Leave**

Step-parents will be added as eligible relationships for bereavement leave. Bereavement leave must be used within twelve months of the eligible incident. The City reserves the right to require proof of death.

### **Paid Medical Leave**

Waiting period will be reduced from 160 hours to 120 hours.

## **Safety Footwear**

Safety footwear allowance will be increased from \$225 to \$275 per fiscal year.

## **FISCAL IMPACT**

The total cost for the successor MOU over its term is approximately \$9 million, and over twenty years is \$109 million over the City's original assumptions when negotiations started about two years ago, with approximately 60% of that impacting the General Fund.

As stated above, for the current fiscal year, the tentative agreement provides for a 5.5% general wage increase retroactive to July 2016, effective the first full pay period inclusive of Council approval. The costs for the current year are mostly budgeted with the remainder being absorbed through expenditure savings primarily due to vacancies. However, it is anticipated that some appropriations within some governmental and agency funds have additional expenditure savings, which will be used to cover excess expenditures for appropriations within the same fund. Therefore, staff recommends that the City Council authorize the City Manager to exceed appropriations in the FY 2016/17 Adopted Budget for governmental and agency funds as long as sufficient monies are available within the same governmental or agency fund. Governmental funds such as the General Fund are used to account for functions of the City that are principally supported by taxes and intergovernmental revenues. Agency Funds account for assets held for another entity where the City has custodial responsibility such as the community facility district funds or the Santa Clara Valley Urban Runoff Pollution Prevention Program fund,

Each year as part of the budget adoption Council sets appropriations for programs and projects through a resolution. The City Manager is given authority to exceed these appropriations without Council approval for other types of funds such as enterprise, internal service, or proprietary funds. For governmental and agency funds, the City Manager is authorized to re-appropriate budgeted amounts between programs that are within the same department and fund under certain thresholds, however, exceeding appropriations requires Council approval. Staff is recommending Council give authority to the City Manager to exceed program appropriations across departments and programs for governmental and agency funds as long as sufficient monies are available within a particular governmental or agency fund. As part of closing out the Fiscal Year 2016/2017, staff will report out on the budgeted vs. actual expenditures by appropriation by fund.

The fiscal impact from the remainder of the successor MOU has been incorporated into the FY 2017/18 Recommended Budget, as has the ongoing commitment on paying 4% of EPMC.

## **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.

## **STAFF RECOMMENDATION**

Approve and Authorize the City Manager to Execute the Memorandum of Understanding between the City of Sunnyvale and the Sunnyvale Employees Association 2015 - 2019 and the Retirement Memorandum of Understanding 2017 - 2027, Adopt the Resolution amending the City's Salary Resolution and the Schedule of Pay to Increase Salaries for Pay Plan Category B (Sunnyvale Employees Association), and Adopt a Resolution Authorizing the City Manager to Exceed Appropriations in the FY 2016/17 Adopted Budget for governmental and agency funds as long as sufficient monies are available within the fund.

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 Sunnyvale Employees Association (SEA) 2015 - 2019 with no markup
2. Memorandum of Understanding between the City of Sunnyvale and the Sunnyvale Employees Association (SEA) 2015 - 2019 - redlined version
3. Revised Salary Table
4. Resolution Amending the City's Salary Resolution and the Schedule of Pay to Increase Salaries for Pay Plan Category B (Sunnyvale Employees Association)
5. Retirement Memorandum of Understanding 2017 - 2027
6. Resolution Authorizing the City Manager to Exceed Appropriations in the FY 2016/17 Adopted Budget for Governmental and Agency Funds to Implement the MOU Between the City and SEA 2015 -2019