

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE APPROVING THE TERMS OF AN AGREEMENT BETWEEN THE CITY OF SAN JOSE AND EACH THE FOLLOWING BARGAINING UNITS FOR THE TERM OF JULY 1, 2023 – JUNE 30, 2026: ASSOCIATION OF ENGINEERS AND ARCHITECTS, IFPTE, LOCAL 21 (AEA); ASSOCIATION OF MAINTENANCE SUPERVISORY PERSONNEL, IFPTE, LOCAL 21 (AMSP); CITY ASSOCIATION OF MANAGEMENT PERSONNEL, IFPTE, LOCAL 21 (CAMP); AND MUNICIPAL EMPLOYEES' FEDERATION, AFSCME, LOCAL 101 (MEF) AND AUTHORIZING THE CITY MANAGER TO EXECUTE AGREEMENTS WITH THOSE TERMS; APPROVING THE TERMS OF A SIDE LETTER AGREEMENT BETWEEN THE CITY OF SAN JOSE AND EACH OF THE FOLLOWING BARGAINING UNITS TO AMEND CERTAIN ARTICLES IN THE CURRENT MEMORANDUM OF AGREEMENTS: ASSOCIATION OF BUILDING, MECHANICAL AND ELECTRICAL INSPECTORS (ABMEI); ASSOCIATION OF LEGAL PROFESSIONALS (ALP); THE PEACE OFFICER PARK RANGER ASSOCIATION (POPRA); SAN JOSE POLICE DISPATCHERS' ASSOCIATION (SJPDA); AND INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL #3 (OE#3) AND AUTHORIZING THE CITY MANAGER TO EXECUTE AGREEMENTS WITH THOSE TERMS; AND APPROVING CHANGES TO COMPENSATION AND BENEFITS FOR EXECUTIVE MANAGEMENT AND PROFESSIONAL EMPLOYEES IN UNIT 99 AND OTHER UNREPRESENTED EMPLOYEES IN UNITS 81/82, FOR FISCAL YEARS 2023-2024, 2024-2025, AND 2025-2026**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN JOSE:

1. That the terms of a collective bargaining agreement between the City and the Association of Engineers and Architects, IFPTE, Local 21 (AEA) for the term of July 1, 2023 through June 30, 2026 are hereby approved, and the City Manager is authorized to execute an agreement with those terms.
2. That the terms of a collective bargaining agreement between the City and the Association of Maintenance Supervisory Personnel, IFPTE, Local 21 (AMSP) for the term of July 1, 2023 through June 30, 2026 are hereby approved, and the City Manager is authorized to execute an agreement with those terms.

3. That the terms of a collective bargaining agreement between the City and the City Association of Management Personnel, IFPTE, Local 21 (CAMP) for the term of July 1, 2023 through June 30, 2026 are hereby approved, and the City Manager is authorized to execute an agreement with those terms.
4. That the terms of a collective bargaining agreement between the City and the Municipal Employees' Federation, AFSCME, Local 101 (MEF) for the term of July 1, 2023 through June 30, 2026 are hereby approved, and the City Manager is authorized to execute an agreement with those terms.
5. That the terms of a side letter agreement between the City and the Association of Building, Mechanical and Electrical Inspectors (ABMEI) to amend certain articles in the current Memorandum of Agreement for the term of July 1, 2023 through June 30, 2026 are hereby approved, and the City Manager is authorized to execute an agreement with those terms.
6. That the terms of a side letter agreement between the City and the Association of Legal Professionals (ALP) to amend certain articles in the current Memorandum of Agreement for the term of July 1, 2023 through June 30, 2026 are hereby approved, and the City Manager is authorized to execute an agreement with those terms.
7. That the terms of a side letter agreement between the City and the Peace Officer Park Ranger Association (POPRA) to amend certain articles in the current Memorandum of Agreement for the term of July 1, 2023 through June 30, 2026 are hereby approved, and the City Manager is authorized to execute an agreement with those terms.
8. That the terms of a side letter agreement between the City and the San Jose Police Dispatchers' Association (SJPDA) to amend certain articles in the current Memorandum of Agreement for the term of July 1, 2023 through June 30, 2026 are hereby approved, and the City Manager is authorized to execute an agreement with those terms.
9. That the terms of a side letter agreement between the City and the International Union of Operating Engineers, Local #3 (OE#3) to amend certain articles in the current Memorandum of Agreement for the term of July 1, 2023 through June 30, 2026 are hereby approved, and the City Manager is authorized to execute an agreement with those terms.
10. That the changes to the compensation and benefits for executive management and professional employees in Unit 99 and other unrepresented employees in Units 81/82, for Fiscal Years 2023-2024, 2024-2025, and 2025-2026 are hereby approved.

NVF:SSH  
9/1/23

11. The terms of the tentative agreements and changes to the compensation and benefits for management and professional employees in Unit 99 and other unrepresented employees in Units 81/82 are set forth in the Memorandum to the Mayor and City Council dated September 1, 2023 and attached hereto as Attachment A and incorporated in this Resolution.

ADOPTED this \_\_\_\_\_ day of \_\_\_\_\_, 2023, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

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MATT MAHAN  
Mayor

ATTEST:

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TONI J. TABER, CMC  
City Clerk

NVF:SSH  
9/1/23

## ATTACHMENT A



COUNCIL AGENDA: 09/12/2023

FILE:

ITEM:

## Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Jennifer Schembri  
Jim Shannon

**SUBJECT:** SEE BELOW

**DATE:** September 1, 2023

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Approved

Date

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**SUBJECT: APPROVAL OF THE TERMS OF AN AGREEMENT BETWEEN THE CITY OF SAN JOSE AND EACH OF THE FOLLOWING BARGAINING UNITS: THE ASSOCIATION OF ENGINEERS AND ARCHITECTS, IFPTE, LOCAL 21 (AEA), THE ASSOCIATION OF MAINTENANCE SUPERVISORY PERSONNEL, IFPTE, LOCAL 21 (AMSP), THE CITY ASSOCIATION OF MANAGEMENT PERSONNEL, IFPTE, LOCAL 21 (CAMP), AND THE MUNICIPAL EMPLOYEES' FEDERATION, AFSCME, LOCAL 101 (MEF) FOR THE TERM OF JULY 1, 2023 – JUNE 30, 2026, AND AUTHORIZING THE CITY MANAGER TO EXECUTE AGREEMENTS WITH THOSE TERMS; APPROVAL OF SIDE LETTER AGREEMENTS BETWEEN THE CITY OF SAN JOSE AND EACH OF THE FOLLOWING BARGAINING UNITS TO AMEND CERTAIN ARTICLES IN THE CURRENT MEMORANDA OF AGREEMENTS: THE ASSOCIATION OF BUILDING, MECHANICAL AND ELECTRICAL INSPECTORS (ABMEI), THE ASSOCIATION OF LEGAL PROFESSIONALS (ALP), THE PEACE OFFICER PARK RANGERS ASSOCIATION (POPRA), THE SAN JOSE POLICE DISPATCHERS' ASSOCIATION (SJPDA), AND INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL #3 (OE#3) AND AUTHORIZING THE CITY MANAGER TO EXECUTE AGREEMENTS WITH THOSE AMENDMENTS; AND APPROVAL OF CHANGES TO COMPENSATION AND BENEFITS FOR EXECUTIVE MANAGEMENT AND PROFESSIONAL EMPLOYEES IN UNIT 99 AND OTHER UNREPRESENTED EMPLOYEES (UNITS 81/82) THROUGH FISCAL YEAR 2025-2026**

### **RECOMMENDATION**

A. Adopt a resolution to:

1. Approve the terms of a collective bargaining agreement between the City and the Association of Engineers and Architects, IFPTE, Local 21 (AEA) for the term of July 1, 2023, through June 30, 2026, and authorize the City Manager to execute an agreement with those terms.
2. Approve the terms of a collective bargaining agreement between the City and the Association of Maintenance Supervisory Personnel, IFPTE, Local 21 (AMSP) for

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the term of July 1, 2023, through June 30, 2026, and authorize the City Manager to execute an agreement with those terms.

3. Approve the terms of a collective bargaining agreement between the City and the City Association of Management Personnel, IFPTE, Local 21 (CAMP) for the term of July 1, 2023, through June 30, 2026, and authorize the City Manager to execute an agreement with those terms.
4. Approve the terms of a collective bargaining agreement between the City and the Municipal Employees' Federation, AFSCME, Local 101 (MEF) for the term of July 1, 2023, through June 30, 2026, and authorize the City Manager to execute an agreement with those terms.
5. Approve the terms of a Side Letter Agreement between the City and the Association of Building, Mechanical and Electrical Inspectors (ABMEI) to amend certain articles in the current Memorandum of Agreement for the term of July 1, 2023, through June 30, 2026, and authorize the City Manager to execute an agreement with those terms.
6. Approve the terms of a Side Letter Agreement between the City and the Association of Legal Professionals (ALP) to amend certain articles in the current Memorandum of Agreement for the term of July 1, 2023, through June 30, 2026, and authorize the City Manager to execute an agreement with those terms.
7. Approve the terms of a Side Letter Agreement between the City and the Peace Officer Park Ranger Association (POPRA) to amend certain articles in the current Memorandum of Agreement for the term of July 1, 2023, through June 30, 2026, and authorize the City Manager to execute an agreement with those terms.
8. Approve the terms of a Side Letter Agreement between the City and the San Jose Police Dispatchers' Association (SJPDA) to amend certain articles in the current Memorandum of Agreement for the term of July 1, 2023, through June 30, 2026, and authorize the City Manager to execute an agreement with those terms.
9. Approve the terms of a Side Letter Agreement between the City and the International Union of Operating Engineers, Local #3 (OE#3), and authorize the City Manager to execute an agreement with those terms.
10. Approve and amend compensation and benefit changes for executive management and professional employees in Unit 99 and other unrepresented employees in Units 81/82, through Fiscal Year 2025-2026.

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- B. Adopt the related 2023-2024 Appropriation Ordinance amendments in various funds as detailed in Attachment J.
- C. Approve the changes to budgeted positions in various departments as detailed in Attachment K.

### **SUMMARY AND OUTCOME**

Adoption of the resolution and authorization to execute the agreements would result in collective bargaining agreements between the City and each of the following bargaining units: AEA, AMSP, CAMP, and MEF. This would authorize the City Manager to execute agreements with a term of July 1, 2023, through June 30, 2026, with the terms described in each tentative agreement.

Adoption of the resolution and authorization to execute the Side Letter Agreements would result in amendments to certain articles in the current MOAs between the City and each of the following bargaining units: ABMEI, ALP, POPRA, SJPDA, and OE#3. It would also approve compensation and benefit changes for executive management and professional employees in Unit 99 and other unrepresented employees in Units 81/82. The compensation and benefit changes will result in increases to the pensionable general wage increase and additional benefit changes through Fiscal Year 2025-2026 for employees in ABMEI, ALP, POPRA, SJPDA, and for employees in Unit 99 and other unrepresented employees in Units 81/82.

The approximate total cost of the compensation and benefit increases in 2023-2024 recommended in this memorandum is \$28.7 million, of which approximately \$13.8 million is attributable to the General Fund. Within the various Capital and Special Funds, the increased cost can be accommodated by a reduction to that fund's ending fund balance or alternative funding sources within that fund. While the additional costs may result in future increases to fees, rates, charges, or other revenue sources, no immediate service impacts to Capital and Special Funds are anticipated.

Of the \$13.8 million in ongoing increased costs attributable to the General Fund, ongoing funding previously set aside in the Salaries and Benefits Reserve for negotiated wage increases for these employees and for classification-specific salary adjustments totals \$11.0 million, leaving an ongoing shortfall of \$2.8 million in the first year of the agreements (2023-2024). Therefore, to ensure the General Fund remains in balance in the current year, this memorandum also includes budget adjustments to reduce ongoing General Fund expenditures by a corresponding \$2.8 million, including:

- Expenditure reductions with no service level impact - \$900,000 (Sick Leave Payments Upon Retirement, Parks Water Budget Reduction, and Banking Services);

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- Elimination of a handful of vacant full-time equivalent positions in several departments that are anticipated to have minimal service delivery impacts - \$830,000; and
- A very limited number of service reductions - \$1.1 million (Placemaking/Viva CalleSJ and Viva Parks reduction, Council District Outdoor Activation elimination, and General Vehicle Replacements reduction).

Additional actual and expected cost impacts from the employee compensation increases included in this memorandum are anticipated to put negative pressure on the 2024-2025 and 2025-2026 General Fund budget development processes, as these costs were not contemplated in those years based on the 2024-2028 Five-Year Forecast and Revenue Projections for the General Fund (Five-Year Forecast) that was last issued in February 2023. Absent any improvement in projected economic conditions, estimates for other revenue sources, and/or other expenditure costs, double-digit General Fund shortfalls may occur that, while still modest in comparison to the overall General Fund budget, would likely require additional service reductions to keep the General Fund in balance in those years. It is also important to note that, because community needs and expectations to expand various services already exceeds the City's limited budgetary capacity, the General Fund faces a service level/structural shortfall from a practical perspective. As a result, the City Council is anticipated to engage in difficult budgetary tradeoff considerations for the foreseeable future.

Formal revisions to 2024-2025 and future year projections will be incorporated into the 2025-2029 Five-Year Forecast that is scheduled for release at the end of February 2024. The new Forecast will include the costs of the compensation levels recommended in this memorandum, along with the latest analysis of economic projections, all revenue sources, and other cost assumptions. Regardless of the scenario, should the new Forecast anticipate General Fund shortfalls in future years, as always, the Administration would bring forward a budgetary strategy to best meet the priorities of the City Council and minimize any service impacts to the community to the greatest extent feasible. However, if addressing a shortfall, some level of service reductions should be expected.

## **BACKGROUND**

The City of San José's collective bargaining agreements with AEA, AMSP, CAMP, and MEF expired on June 30, 2023. AEA currently represents approximately 361 full-time equivalent positions, including, but not limited to, the classifications of Engineer, Architect, Senior Engineer, and Senior Architect. AMSP currently represents approximately 115 full-time equivalent positions comprised of managers and supervisors working in the following departments: Airport, Environmental Services, Library, Parks, Recreation and Neighborhood Services, Public Works, and Transportation. CAMP currently represents approximately 487 full-time equivalent positions, including, but not limited to, the classifications of Senior Analyst and Program Manager. MEF currently represents approximately 2,486 full-time equivalent



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positions, including, but not limited to, the classifications of Code Enforcement Inspectors, Public Safety Dispatchers, Office Specialists, Librarians, and Planners.

In March 2023, negotiations commenced with AEA, AMSP, CAMP, and MEF on successor agreements. On June 19, 2023, the parties reached impasse, and in July and August 2023, the parties participated in impasse mediation sessions facilitated by state mediators. On August 15, 2023, the City reached overall tentative agreements on the terms to be contained in the successor MOAs with AEA, AMSP, CAMP, and MEF.

Bargaining Unit	Attachment
AEA	Attachment A
AMSP	Attachment B
CAMP	Attachment C
MEF	Attachment D

The Tentative Agreements were pending ratification by the respective memberships of AEA, AMSP, CAMP, and MEF. Each bargaining unit has ratified their respective tentative agreements and notified the City of the ratification results on August 25, 2023.

On June 6, 2023, the City Council approved the terms of tentative agreements with POPRA, SJPDA, and ABMEI, each for the term of July 1, 2023, through June 30, 2026. Additionally, on June 20, 2023, the City Council approved the terms of a tentative agreement with ALP to amend certain articles in the current MOA and extend its term through June 30, 2026. Further, on June 20, 2023, the City Council approved and amended compensation and benefit changes for executive management and professional employees in Unit 99 and other unrepresented employees in Units 81/82 consistent with the terms of the City's agreements with POPRA, SJPDA, ABMEI, and ALP through Fiscal Year 2025-2026.

After reaching agreement with AEA, AMSP, CAMP, and MEF for successor MOAs on August 15, 2023, the City subsequently reached side letter agreements with ABMEI, ALP, POPRA and SJPDA to amend the terms of their respective MOAs regarding compensation and City-Paid Parental Leave. The City also reached a side letter agreement with OE#3 related to the observance of Lunar New Year. The City is still discussing Lunar New Year with the International Brotherhood of Electrical Workers, Local 332 (IBEW) and if an agreement is reached prior to the September 12<sup>th</sup> City Council meeting a supplemental memo will be issued.

Bargaining Unit	Attachment
ABMEI	Attachment E
ALP	Attachment F
POPRA	Attachment G
SJPDA	Attachment H
OE#3	Attachment I

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The recommended compensation and benefit changes for Unit 99, and Units 81/82, contained in this memorandum, are consistent with the agreements reached with ABMEI, AEA, ALP, AMSP, CAMP, MEF, POPRA, and SJPDA.

## **ANALYSIS**

Complete copies of the tentative agreements are attached. The following is a summary of the key provisions of these agreements, which apply to ABMEI, AEA, ALP, AMSP, CAMP, MEF, POPRA, SJPDA, OE#3, and Unit 99 (collectively referred to below as “ALL” unless otherwise noted).

<b>Term</b> -ABMEI, AEA, ALP, AMSP, CAMP, MEF, POPRA, SJPDA, Unit 99, and Units 81/82	July 1, 2023, through June 30, 2026
<b>Pensionable General Wage Increase for Fiscal Year 2023-2024</b> -AEA, AMSP, CAMP, and MEF	Effective September 17, 2023, all salary ranges for employees holding positions in classifications assigned to AEA, AMSP, CAMP, and MEF will receive a pensionable base pay increase of approximately 6.00%. This will result in both the top and bottom steps of the pay range being increased by approximately 6.00%.
<b>Pensionable General Wage Increase for Fiscal Year 2023-2024</b> -ABMEI, ALP, POPRA, SJPDA, Unit 99, and Units 81/82	Effective September 17, 2023, all salary ranges for employees holding positions in classifications assigned to ABMEI, ALP, POPRA, SJPDA, Unit 99, and Units 81/82 will receive a pensionable base pay increase of approximately 1.00%, for a total of 6.00% in Fiscal Year 2023-2024. This will result in both the top and bottom steps of the pay range being increased by approximately 1.00%.  This increase is not inclusive of the 1.50% general wage increase that ABMEI and POPRA received effective June 25, 2023, in recognition of the fact that ABMEI and POPRA received a 3.00% general wage increase in Fiscal Year 2022-2023 whereas most other City employees received a 4.50% general wage increase.
<b>Pensionable General Wage Increase for</b>	Effective the first full pay period of Fiscal Year 2024-2025, all salary ranges for employees holding positions in classifications assigned to ABMEI, AEA, ALP, AMSP, CAMP, MEF, POPRA, SJPDA, Unit

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<b>Fiscal Year 2024-2025</b> <b>-ABMEI, AEA, ALP, AMSP, CAMP, MEF, POPRA, SJPDA, Unit 99, and Units 81/82</b>	<p>99, and Units 81/82 will receive a pensionable base pay increase of approximately 4.00%. This will result in both the top and bottom steps of the pay range being increased by approximately 4.00%.</p> <p>Effective the first full pay period in January 2025, all salary ranges for employees holding positions in classifications assigned to ABMEI, AEA, ALP, AMSP, CAMP, MEF, POPRA, SJPDA, Unit 99, and Units 81/82 will receive a pensionable base pay increase of approximately 1.00%. This will result in both the top and bottom steps of the pay range being increased by approximately 1.00%.</p>												
<b>Pensionable General Wage Increase for Fiscal Year 2025-2026</b> <b>-ABMEI, AEA, ALP, AMSP, CAMP, MEF, POPRA, SJPDA, Unit 99, and Units 81/82</b>	<p>Effective the first full pay period of Fiscal Year 2025-2026, all salary ranges for employees holding positions in classifications assigned to ABMEI, AEA, ALP, AMSP, CAMP, MEF, POPRA, SJPDA, Unit 99, and Units 81/82 will receive a pensionable base pay increase of approximately 3.50%. This will result in both the top and bottom steps of the pay range being increased by approximately 3.50%.</p> <p>If the revised Five-Year Forecast included as part of the 2025-2026 Proposed Operating Budget includes a \$10 million dollar surplus or more in Fiscal Year 2025-2026, the general wage increase effective the first full pay period of Fiscal Year 2025-2026, for employees holding positions in classifications assigned to ABMEI, AEA, ALP, AMSP, CAMP, MEF, POPRA, SJPDA, Unit 99, and Units 81/82 shall be 4.00%.</p>												
<b>One-Time Non-Pensionable Lump Sum Payment</b> <b>-AEA, AMSP, and CAMP</b>	<p>In lieu of retroactivity to June 25, 2023, employees represented by AEA, AMSP, and CAMP shall receive a one-time, non-pensionable lump sum payment based on their benefit level as follows:</p> <table border="1" data-bbox="527 1438 1404 1711"> <thead> <tr> <th>Benefit Level</th><th>Amount of One-Time Non-Pensionable Lump Sum Payment</th></tr> </thead> <tbody> <tr> <td>35.00+ Hour Benefit Level</td><td>\$1,770.00</td></tr> <tr> <td>30.00 – 34.00 Hour Benefit Level</td><td>\$1,326.00</td></tr> <tr> <td>25.00 – 29.00 Hour Benefit Level</td><td>\$1,110.00</td></tr> <tr> <td>20.00 – 24.00 Hour Benefit Level</td><td>\$885.00</td></tr> <tr> <td>Part-Time Unbenefited Employees</td><td>\$442.50</td></tr> </tbody> </table> <p>To receive the one-time, non-pensionable lump sum payment as a benefited employee, the employee (1) must have been employed by the City on June 25, 2023, and (2) must be employed as of the date the payment is made. To receive this lump sum payment as a part-time unbenefited employee the employee (1) must have been</p>	Benefit Level	Amount of One-Time Non-Pensionable Lump Sum Payment	35.00+ Hour Benefit Level	\$1,770.00	30.00 – 34.00 Hour Benefit Level	\$1,326.00	25.00 – 29.00 Hour Benefit Level	\$1,110.00	20.00 – 24.00 Hour Benefit Level	\$885.00	Part-Time Unbenefited Employees	\$442.50
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<b>One-Time Non-Pensionable Lump Sum Payment (Continued)</b>	employed by the City on June 25, 2023, (2) must have worked at least 100 hours of regular time between June 25, 2023, and September 2, 2023, and (3) must be employed as of the date the payment is made. This payment shall be made during the second full pay period following Council approval in open session.												
<b>One-Time Non-Pensionable Lump Sum Payment -MEF</b>	<p>In lieu of retroactivity to June 25, 2023, employees represented by MEF shall receive a one-time, non-pensionable lump sum payment based on their benefit level as follows:</p> <table border="1" data-bbox="527 703 1404 976"> <thead> <tr> <th>Benefit Level</th><th>Amount of One-Time Non-Pensionable Lump Sum Payment</th></tr> </thead> <tbody> <tr> <td>35.00+ Hour Benefit Level</td><td>\$1,000.00</td></tr> <tr> <td>30.00 – 34.00 Hour Benefit Level</td><td>\$750.00</td></tr> <tr> <td>25.00 – 29.00 Hour Benefit Level</td><td>\$625.00</td></tr> <tr> <td>20.00 – 24.00 Hour Benefit Level</td><td>\$500.00</td></tr> <tr> <td>Part-Time Unbenefited Employees</td><td>\$250.00</td></tr> </tbody> </table> <p>To receive the one-time, non-pensionable lump sum payment as a benefited employee, the employee (1) must have been employed by the City on June 25, 2023, and (2) must be employed as of the date the payment is made. To receive this lump sum payment as a part-time unbenefited employee the employee (1) must have been employed by the City on June 25, 2023, (2) must have worked at least 100 hours of regular time between June 25, 2023, and September 2, 2023, and (3) must be employed as of the date the payment is made. This payment shall be made during the second full pay period following Council approval in open session.</p>	Benefit Level	Amount of One-Time Non-Pensionable Lump Sum Payment	35.00+ Hour Benefit Level	\$1,000.00	30.00 – 34.00 Hour Benefit Level	\$750.00	25.00 – 29.00 Hour Benefit Level	\$625.00	20.00 – 24.00 Hour Benefit Level	\$500.00	Part-Time Unbenefited Employees	\$250.00
Benefit Level	Amount of One-Time Non-Pensionable Lump Sum Payment												
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25.00 – 29.00 Hour Benefit Level	\$625.00												
20.00 – 24.00 Hour Benefit Level	\$500.00												
Part-Time Unbenefited Employees	\$250.00												
<b>Side Letter – Lunar Holiday -AEA, AMSP, CAMP, MEF, SJPDA and OE#3</b>	<p>Pending agreement with all bargaining units, beginning in 2024:</p> <ul style="list-style-type: none"> <li>• Lunar New Year shall be observed as a City-observed holiday and New Year’s Eve Day shall no longer be a City-observed holiday.</li> <li>• Employees in AEA and CAMP shall be entitled to an additional eight (8) hours of executive leave, and employees in AMSP, MEF, SJPDA, and OE#3 shall be entitled to an additional eight (8) hours of personal leave in recognition that City employees may wish to observe a personal holiday that is not observed by the City, effective the first pay period of payroll calendar year 2024.</li> </ul>												

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<b>City-Paid Parental Leave</b> <b>-ABMEI, AEA, ALP, AMSP, CAMP, MEF, POPRA, SJPDA, Unit 99, and Units 81/82</b>	<p>For eligible births, adoptions, or foster care placements that occur on or after January 1, 2023, full-time employees will receive a maximum total of three hundred and twenty (320) hours of paid time off and shall be eligible to use up to a maximum total of one-hundred and twenty (120) hours of their available sick leave for City-Paid Parental Leave reasons.</p> <p>For the period of January 1, 2023, through the effective date of this agreement, no retroactive timecard adjustments will be allowable and any additional City-paid parental leave hours as provided for herein may only be used on a prospective basis.</p>
<b>Bilingual Pay</b> <b>-AEA, AMSP, CAMP, and MEF</b>	<p>Effective September 17, 2023, each full-time employee who meets the eligibility requirements shall be compensated for performing oral communication, sign language duties, or written and oral translation duties at the rate of sixty dollars (\$60) per biweekly pay period for each pay period actually worked.</p> <p>Effective September 17, 2023, each part-time benefited employee who meets the eligibility requirements shall be compensated for performing oral communication, sign language duties, or written and oral translation duties at the rate of fifty dollars (\$50) per biweekly pay period for each pay period actually worked.</p> <p>Effective September 17, 2023, each part-time unbenefited employee who meets the eligibility requirements shall be compensated for performing oral communication, sign language duties, or written and oral translation duties at the rate of fifty cents (\$0.50) per hour.</p> <p>If an employee who receives bilingual pay refuses to provide interpretation or translation services for which they are certified, the employee shall no longer be eligible to receive bilingual pay. This determination shall be made by the City Manager or designee in consultation with the Department Director.</p>
<b>Protective Footwear</b> <b>-AEA, AMSP, CAMP, and MEF</b>	<p>Effective September 17, 2023, for Fiscal Year 2023-2024, increase the protective footwear voucher amount to \$275, and this voucher can now be used for sole inserts. For Fiscal Year 2024-2025, the voucher shall be increased to \$300. For Fiscal Year 2025-2026, the voucher shall be increased to \$325.</p>

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<b>Health-In-Lieu -AEA, AMSP, CAMP, and MEF</b>	Effective as soon as practicable on or after September 17, 2023, employees who qualify for and participate in the payment-in-lieu of health insurance program will receive \$102.00 per pay period for single rate (currently \$89.09 for AEA, AMSP, CAMP, and MEF).																		
<b>Professional Development Program -AEA, AMSP, and CAMP</b>	<p>Effective Fiscal Year 2023-2024, the City will reimburse each full-time employee 100% of eligible expenses incurred, up to \$2,500.00 per fiscal year, pursuant to the terms and conditions of the Professional Development Program. A total of \$1,000.00 (of the \$2,500.00 annual maximum) may be reimbursed for professional materials pursuant to the terms and conditions of the Professional Development Program. Reimbursement for part-time benefited employees will be as follows:</p> <table><tr><th>Scheduled Work Hours per Week</th><th>Maximum Reimbursement for Employees</th><th>Maximum Reimbursement for Professional Materials</th></tr><tr><td>35-39.9 hours per week</td><td>\$2,500.00</td><td>\$1,000.00</td></tr><tr><td>30-34.9 hours per week</td><td>\$1,875.00</td><td>\$750.00</td></tr><tr><td>25-29.9 hours per week</td><td>\$1,562.50</td><td>\$625.00</td></tr><tr><td>20-24.9 hours per week</td><td>\$1,250.00</td><td>\$500.00</td></tr><tr><td>Less than 20 hours per week</td><td>\$0.00</td><td>\$0.00</td></tr></table>	Scheduled Work Hours per Week	Maximum Reimbursement for Employees	Maximum Reimbursement for Professional Materials	35-39.9 hours per week	\$2,500.00	\$1,000.00	30-34.9 hours per week	\$1,875.00	\$750.00	25-29.9 hours per week	\$1,562.50	\$625.00	20-24.9 hours per week	\$1,250.00	\$500.00	Less than 20 hours per week	\$0.00	\$0.00
Scheduled Work Hours per Week	Maximum Reimbursement for Employees	Maximum Reimbursement for Professional Materials																	
35-39.9 hours per week	\$2,500.00	\$1,000.00																	
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25-29.9 hours per week	\$1,562.50	\$625.00																	
20-24.9 hours per week	\$1,250.00	\$500.00																	
Less than 20 hours per week	\$0.00	\$0.00																	
<b>Vacation Sell Back -AEA, AMSP, and CAMP</b>	Effective calendar year 2024, employees may sell back up to a maximum of seventy (70) hours of accrued vacation per calendar year (currently 40 hours for AEA, and 60 hours for AMSP and CAMP).																		
<b>Shift Differential -AMSP and MEF</b>	Effective September 17, 2023, the Swing Shift differential shall be \$2.25 per hour, and the Graveyard Shift differential shall be \$2.50 per hour.																		
<b>Public Safety Radio Dispatcher Certification Pay -MEF</b>	<p>Effective September 17, 2023, incumbents in the following classifications who possess an Emergency Fire Dispatch (EFD) certification and an Emergency Medical Dispatch (EMD) certification shall be eligible to receive a 3.75% non-pensionable premium pay:</p> <ul style="list-style-type: none"><li>Public Safety Radio Dispatcher Trainee (8532)</li></ul>																		



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<b>Public Safety Radio Dispatcher Certification Pay (Continued)</b>	<ul style="list-style-type: none"> <li>Public Safety Radio Dispatcher FT/PT (8514/8534)</li> <li>Senior Public Safety Dispatcher FT/PT (8513/8533)</li> <li>Supervising Public Safety Dispatcher (8512)</li> </ul>
<b>Public Safety Radio Dispatcher Training Pay -MEF</b>	Effective September 17, 2023, Public Safety Radio Dispatchers shall be eligible for additional pay equal to approximately seven and one-half percent (7.5%) of the employee's current rate of pay for each hour the employee is assigned and is actually engaged in one-on-one training of a Dispatcher trainee.
<b>Animal Services Officer Training Pay -MEF</b>	Effective September 17, 2023, Animal Services Officers shall be eligible for an additional pay equal to approximately five percent (5%) of the employee's current rate of pay for each hour the employee is assigned and is actually engaged in one-on-one training of an Animal Services Officer trainee.
<b>Apparel Allowance -MEF</b>	<p>Effective September 17, 2023, the following employees shall receive an annual apparel allowance of one-hundred dollars (\$100) annually (currently \$50):</p> <ul style="list-style-type: none"> <li>Senior Airport Operations Specialist I (3514)</li> <li>Senior Airport Operations Specialist II (3516)</li> <li>Senior Airport Operations Specialist III (3518)</li> <li>Zoo Keeper FT (6353)</li> </ul>
<b>Meal Allowance -MEF</b>	<p>Effective September 17, 2023, in the event an employee is assigned to work 16 or more consecutive hours, the City at its option, will either provide the employee fifteen dollars (\$15) as a meal allowance or provide a meal to the employee.</p> <p>Effective September 17, 2023, in the event an Airport employee is assigned to work 16 or more consecutive hours, the City, at its option, will either provide the employee twenty dollars (\$20) as a meal allowance or provide a meal to the employee.</p>
<b>Employee Assistance Program (EAP) for Part-Time Unbenefited Employees -MEF</b>	Effective January 1, 2024, the City will provide each part-time unbenefited employee in MEF, up to five (5) professional counseling visits per issue type per 12-month period.

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<b>Release Time -MEF</b>	<p>In lieu of the release time afforded to the President and Chief Steward in Articles 6.2.2.2 and 6.2.2.3, 1.00 FTEs of paid union release time shall be allocated as follows for the MEF President and Chief Steward:</p> <table border="1" data-bbox="581 520 1312 663"> <thead> <tr> <th>Position</th><th>FTEs</th></tr> </thead> <tbody> <tr> <td>MEF President</td><td>0.50</td></tr> <tr> <td>MEF Chief Steward</td><td>0.50</td></tr> <tr> <td>Total</td><td>1.00</td></tr> </tbody> </table> <p>The release time described in this article must be coded as URT (Union Release Time) and may only be used for purposes described in Article 6 and the Employer-Employee Relations Resolution No. 39367.</p> <p>The above shall not apply for any MEF President and/or MEF Chief Steward if they are employed in critical positions within the Police or Fire Departments, such as Public Safety Radio Dispatchers. In such cases, the parties agree that the release time described above may be provided to another employee designated by MEF. Any request for the re-assignment of union release time as provided in this section must be made in writing.</p>	Position	FTEs	MEF President	0.50	MEF Chief Steward	0.50	Total	1.00
Position	FTEs								
MEF President	0.50								
MEF Chief Steward	0.50								
Total	1.00								
<b>Manager On Duty Pay -AMSP</b>	<p>Effective two full pay periods following approval of tentative agreement on a successor Memorandum of Agreement by City Council in open session, employees in the Airport Operations Supervisor I (3524 ), Airport Operations Supervisor II (3527), and Airport Operations Supervisor III (3528) classifications in the Airport Department shall be eligible for a \$5.00 per hour premium pay for each eligible hour, to the nearest fifteen (15) minutes, assigned and worked as the Manager on Duty (MOD) for Airside Operations.</p>								
<b>Crisis Intervention Training Pay -SJPDA</b>	<p>Effective September 17, 2023, the Crisis Intervention Training non-pensionable premium pay shall be a total of approximately 3.75%. Employees who sign-up or have completed the Crisis Intervention Training by September 17, 2023, will be eligible to receive the Crisis Intervention Training non-pensionable premium pay.</p>								
<b>Special Wage Adjustment – Biologist, Chemist, and Microbiologist -MEF</b>	<p>Effective September 17, 2023, in recognition of the recruitment and retention issues in these classification series, as well as a salary survey that shows these classifications are under market with comparable jurisdictions, the City and MEF agree that the Chemist I/II and Microbiologist I/II flexibly-staffed series will be created</p>								



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<b>Special Wage Adjustment – Biologist, Chemist, and Microbiologist (Continued)</b>	<p>based on the classification specifications agreed to by the parties in April 2023, and to the following special wage adjustments:</p> <table><tr><th>Classification</th><th>Max. Pensionable Rate of Pay (Hourly)</th><th>Approx. Percent Increase Above Current Classification</th></tr><tr><td>Biologist</td><td>\$ 57.22</td><td>19.00%</td></tr><tr><td>Chemist I (Retitled)</td><td>\$ 51.93</td><td>8.00%</td></tr><tr><td>Chemist II (New Classification)</td><td>\$ 57.22</td><td>19.00%</td></tr><tr><td>Microbiologist I (Retitled)</td><td>\$ 51.93</td><td>8.00%</td></tr><tr><td>Microbiologist II (New Classification)</td><td>\$ 57.22</td><td>19.00%</td></tr></table>	Classification	Max. Pensionable Rate of Pay (Hourly)	Approx. Percent Increase Above Current Classification	Biologist	\$ 57.22	19.00%	Chemist I (Retitled)	\$ 51.93	8.00%	Chemist II (New Classification)	\$ 57.22	19.00%	Microbiologist I (Retitled)	\$ 51.93	8.00%	Microbiologist II (New Classification)	\$ 57.22	19.00%
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Microbiologist II (New Classification)	\$ 57.22	19.00%																	
<b>Special Wage Adjustment – Biologist, Chemist, and Microbiologist -AMSP and CAMP</b>	<p>Effective September 17, 2023, a special wage adjustment will be made to the following classifications in the following amounts. All salary ranges for employees holding positions in the classifications shown below shall be increased by the percentage indicated below:</p> <table><tr><th>Classification</th><th>Classification Salary Adjustment</th></tr><tr><td>Building Inspection Manager</td><td>4.00%</td></tr><tr><td>Environmental Laboratory Supervisor</td><td>19.00%</td></tr><tr><td>Supervising Environmental Services Specialist</td><td>4.90%</td></tr><tr><td>Supervising Park Ranger</td><td>5.00%</td></tr></table>	Classification	Classification Salary Adjustment	Building Inspection Manager	4.00%	Environmental Laboratory Supervisor	19.00%	Supervising Environmental Services Specialist	4.90%	Supervising Park Ranger	5.00%								
Classification	Classification Salary Adjustment																		
Building Inspection Manager	4.00%																		
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Supervising Park Ranger	5.00%																		

### **EVALUATION AND FOLLOW-UP**

No additional follow up action with the City Council is expected at this time.

## **COST SUMMARY/IMPLICATIONS**

### **Cost Summary**

The cost of the 6.00% general wage increase in 2023-2024 for AEA, AMSP, CAMP, and MEF is approximately \$21.0 million in all funds, of which \$10.0 million is in the General Fund. These costs are not inclusive of any potential increase to the Federated City Employees' Retirement System's unfunded liability that may occur because this pensionable wage increase exceeds the actuarial assumptions of the Federated Board, which would occur at the earliest in Fiscal Year 2024-2025. This amount is also inclusive of the one-time non-pensionable lump sum payments to eligible employees in AEA, AMSP, CAMP, and MEF will cost approximately \$3.5 million, of which approximately \$1.67 million is in the General Fund.

The cost of the additional 1.00% general wage increase effective September 17, 2023, and the 5% increase previously negotiated but not yet incorporated into the budget, for ABMEI, ALP, POPRA, SJPDA, Unit 99, and Units 81/82 is approximately \$5.3 million in all funds, of which \$2.7 million is in the General Fund.

The ongoing costs related to bilingual pay, protective footwear, health-in-lieu, professional development program increases, vacation sell back, shift differential for AMSP and MEF, Animal Services Officer Public Safety Radio Dispatcher training pay and certification pay, Animal Services Officer training pay, apparel allowance, meal allowance, EAP for part-time unbenefited employees in MEF, and Manager-on-Duty pay is approximately \$1.01 million, of which \$536,000 is in the General Fund. Additionally, the cost of implementing the SJPDA Crisis Intervention Training Pay in 2023-2024 to align with the implementation of the Public Safety Radio Dispatcher Series EMD/EFD Certification Pay is estimated to be approximately \$530,000, all of which is in the General Fund. The ongoing increased cost of the salary adjustment for the Biologist, Chemist, and Microbiologist classifications is approximately \$519,000 in Capital/Special funds, none in the General Fund. The ongoing increased cost of the salary adjustments for the Building Inspection Manager, Environmental Laboratory Supervisor, Supervising Environmental Services Specialist, and Supervising Park Ranger classifications is approximately \$366,000, of which \$56,000 is in the General Fund.

The approximate total cost of all of the above-referenced compensation increases in 2023-2024 is \$28.7 million, of which approximately \$13.8 million is attributable to the General Fund. The costs in 2023-2024 will be offset by a decrease in the Salaries and Benefits Reserve in the General Fund, other departmental and City-Wide Expenditure budget reductions in the General Fund as shown in the table below, and from each respective Capital/Special fund's unrestricted Ending Fund Balance or an alternative funding source within the fund. These ongoing increased costs will be factored into the annual development of the 2024-2025 Base Budget.

The ongoing increased cost of the 4.00% general wage increase effective the first full pay period of Fiscal Year 2024-2025, and the additional 1.00% general wage increase effective the first pay

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period in January 2025 is approximately \$28.3 million in all funds, of which \$11.5 million is in the General Fund. These costs are not inclusive of any potential increase to the Federated City Employees' Retirement System's unfunded liability that may occur because this pensionable wage increase exceeds the actuarial assumptions of the Federated Board. The amortized cost of any such additional unfunded liability could be realized beginning in Fiscal Year 2025-2026.

The ongoing increased cost of the 3.5% general wage increase effective the first full pay period of Fiscal Year 2025-2026 is approximately \$18.4 million in all funds, of which \$9.4 million is in the General Fund. Again, these costs are not inclusive of any potential increase to the Federated City Employees' Retirement System's unfunded liability that may occur because this pensionable wage increase exceeds the actuarial assumptions of the Federated Board. The amortized cost of any such additional unfunded liability could be realized beginning in Fiscal Year 2026-2027. These ongoing costs will be factored into the annual development of the Base Budget.

### **General Fund Budgetary Implications and Adjustments**

In accordance with City Council Policy 1-18, Section 2, *Fiscal Integrity*<sup>1</sup> – which specifies that “ongoing operating program costs will not exceed the amount of ongoing revenue to finance those costs” – approval of the labor agreements must also be accompanied by ongoing expenditure offsets in 2023-2024 to ensure that ongoing cost obligations do not exceed the ongoing revenues expected to be received in 2023-2024, and that the General Fund remains in balance.

As described above, the total cost of the labor agreements in the General Fund is approximately \$13.8 million. As part of the development of the 2023-2024 Proposed Operating Budget, a total of \$7.8 million of ongoing funding was included in the Salaries and Benefits Reserve for wage increases for these bargaining groups, resulting in an ongoing shortfall of \$6.0 million for those costs. However, an additional \$4.0 million of ongoing funding was also set aside in the Salaries and Benefits Reserve for future potential increases to salary ranges for classifications that pose recruitment and retention challenges and are under market. As part of the budget actions included in this memorandum, the Administration recommends allocating \$3.2 million of the amount anticipated for targeted classification salary range compensation adjustments to instead be used to offset the bargaining agreements. This approach reduces the ongoing shortfall to \$2.8 million, but leaves only \$800,000 of ongoing funding available for future adjustments to individual salary ranges to address recruitment and retention challenges where classifications are under market. This will significantly limit the City's ability to do these special salary adjustments in the upcoming year.

The table below identifies the recommended ongoing General Fund expenditure offsets to fully address the anticipated \$2.8 million shortfall in 2023-2024. In its approach to rebalance the

<sup>1</sup> City Council Policy 1-18: <https://www.sanjoseca.gov/home/showpublisheddocument/84856/637864949022130000>

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budget, the Administration: leveraged any new information gleaned from 2022-2023 actual expenditures at this early point in the fiscal year that could translate to lower than anticipated expenditures in 2023-2024 without any associated service impacts (Sick Leave Payments Upon Retirement, Parks Water Budget Reduction and Banking Services totaling \$900,000); considered the elimination of a handful of vacant full-time equivalent (FTE) positions in several departments that – due to the length of the vacancy and the fact that they have not been meaningfully backfilled – are anticipated to have minimal to no service delivery impacts (9.56 positions totaling \$830,000); and considered reduction proposals included in Manager’s Budget Addendum #21, *General Fund Reduction Proposals for Trade-Off Consideration*<sup>2</sup>, as well as considered actions in recent years that allocated ongoing General Fund funding (previously expanded by resources from the American Rescue Plan Fund) that can be reduced with modest service impacts (Placemaking/Viva CalleSJ and Viva Parks, Council District Outdoor Activation, and General Vehicle Replacements totaling \$1.1 million).

Department	Proposal Title and Description	FTE	2023-2024 General Fund Amount
Parks, Recreation and Neighborhood Services	<p><b>Placemaking/Viva CalleSJ and Viva Parks</b></p> <p>This action eliminates 1.0 vacant Events Coordinator I/II, 0.50 vacant Events Coordinator part-time, and 1.0 Recreation Leader part-time unbenefited position and reduces ongoing non-personal/equipment funding of \$313,000 that support the Viva CalleSJ and Viva Parks placemaking events. Previously funded on a one-time basis in prior years in both the American Rescue Plan Fund and the General Fund, the 2022-2023 Adopted Operating Budget allocated ongoing General Fund resources to support three Viva CalleSJ events and 100 Viva Parks activations annually. This action would reduce the Viva CalleSJ events from three to two annually and Viva Park events from 100 to 75 annually.</p> <p>Each Viva CalleSJ event attracts over 100,000 people and is estimated to generate an economic impact of \$1 million per event. Viva Parks events total more than 10,000 people annually and activate usage of public spaces that intentionally focus on serving vulnerable neighborhoods, based on staff’s use of the Healthy Places Index health equity lens.</p>	(2.50)	(\$570,000)
City-Wide	<p><b>Sick Leave Payments Upon Retirement</b></p> <p>This action reduces the Sick Leave Payments Upon Retirement City-Wide Expenses appropriation by \$650,000, from \$4.0 million to \$3.35 million. As the number of Tier 1 employees eligible for accrued sick leave payouts continues to decline, based on 2022-2023 actual expenditures and recent trends, this allocation (already reduced from \$5.0 million to \$4.0 million in the 2023-2024</p>		(\$650,000)

<sup>2</sup> Manager’s Budget Addendum #21:

<https://www.sanjoseca.gov/home/showpublisheddocument/98314/638206329132670000>

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	Adopted Budget), can be reduced by another \$650,000 without any impacts to department budgets.		
City-Wide	<p><b>Council District Outdoor Activation</b></p> <p>This action eliminates the Council District Outdoor Activation City-Wide Expenses appropriation ongoing allocation of \$250,000. Prior to the pandemic, small-scale neighborhood activations were funded from Council District Office Budgets and/or one-time allocations from City Council approval of various Mayor’s June Budget Messages. American Rescue Plan Funds allowed for a significant infusion of new resources as part of the San José Abierto effort. With the expiration of American Rescue Plan Funds, this expanded program was transitioned to the General Fund in the 2022-2023 Adopted Budget. Future activations could again be supplemented with Council Office Budgets and June Budget Message allocations. It is important to note that one-time carry-over savings from 2022-2023 of \$150,000 will still be available until fully expended.</p>		(\$250,000)
Public Works	<p><b>General Vehicle Replacements</b></p> <p>This action reduces the ongoing Transfer to the Vehicle Maintenance and Operations Fund from the General Fund by \$250,000, from \$2.0 million to \$1.75 million, for general (non-public safety) vehicle replacements. Included in the 2023-2024 Adopted Operating Budget is a one-time increase to the transfer of \$3.875 million to address the backlog of vehicle replacements. With this action, the 2023-2024 allocation would be reduced from \$5.875 million to \$5.625 million and from \$2.0 million to \$1.75 million on an ongoing basis. The current estimated backlog for general fleet replacement is at least \$12.5 million. While the one-time infusion of nearly \$4 million helps reduce this backlog by nearly a third, the ongoing reduction would result in an increase to the backlog by \$250,000 annually.</p>		(\$250,000)
Parks, Recreation and Neighborhood Services	<p><b>Parks Water Budget Reduction</b></p> <p>This action reduces the Parks, Recreation and Neighborhood Services Department’s non-personal/equipment budget for water by \$150,000. The current budget of \$6.8 million primarily goes toward irrigating park turf and landscapes. Since 2019, the Department has made significant progress installing the Calsense smart water management system, which takes into account current soil conditions and weather when watering parks. As these installations – and the implementation of equipment such as connected flow meters, master valves, and controllers – continue the Department can more closely monitor and manage irrigation without impacting turf safety, quality, or appearance, and the current water budget can be incrementally reduced accordingly with no service level impacts.</p>		(\$150,000)

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City-Wide	<p><b>Banking Services</b></p> <p>This action reduces the Banking Services City-Wide Expenses appropriation to the Finance Department by \$100,000, from \$724,000 to \$624,000. This appropriation pays for the fees associated with accepting credit payments that are attributable to General Fund services. A review of 2022-2023 actual expenditures indicates that this appropriation can be reduced by \$100,000 in 2023-2024 with no impacts expected. While this is an ongoing reduction, the sufficiency of this allocation is reviewed each year during the budget development process.</p>		(\$100,000)
Multiple Departments	<p><b>Vacant Position Elimination</b></p> <p>This action eliminates 9.56 positions that have been vacant for a year or more from the departments listed below for ongoing General Fund savings of \$830,000. Due to the length of these vacancies and that they have not been meaningfully backfilled, minimal to no service delivery impacts are expected. It is important to note that, while the City has other vacant positions, most have been vacant for less than a year and the duties of most vacant positions are backfilled in some manner through the use of overtime, temporary staffing, contractual services, or higher class pay. As a result, there is limited ability to eliminate vacant positions without also reducing services, especially within the compressed time period necessary to enact the labor agreements.</p> <p><u>Information Technology</u></p> <ul style="list-style-type: none"> <li>1.0 Enterprise Information Technology Engineer – If filled, this position would provide technical support requests primarily focused on Mayor/Council and the City Manager’s Office; however, these duties are currently distributed amongst existing filled positions (\$197,000).</li> </ul> <p><u>Parks, Recreation and Neighborhood Services</u></p> <ul style="list-style-type: none"> <li>2.5 Recreation Leader Part-Time – If filled, these positions would support Happy Hollow Park and Zoo, Neighborhood and Regional Parks, and the Neighborhood Center Partner Program, work that is currently absorbed by other existing staff (\$161,000).</li> </ul> <p><u>Police</u></p> <ul style="list-style-type: none"> <li>4.06 School Crossing Guard Part-Time Unbenefited – Due to long-term vacancies and low pedestrian counts, 23 out of 120 authorized intersections for the School Crossing Guard Program are not staffed. This action would eliminate half of the vacant positions and intersections, which leaves actual service levels unaffected, and also preserves the capacity for the potential activation of some of the unstaffed intersections in the future should the City be able to hire additional School Crossing Guards (\$177,000).</li> </ul>	(9.56)	(\$830,000)



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	<u>Public Works</u> <ul style="list-style-type: none"> <li>1.0 Network Engineer – If filled, this position would provide heating, ventilation, and air conditioning controls support at non-City Hall facilities, work which is currently absorbed by other existing staff and some contractual services (\$192,000).</li> <li>1.0 Facility Attendant – If filled, this position would support the setup and modifications to office space at City Hall, work which is currently delayed or deferred until other existing staff have capacity (\$103,000).</li> </ul>		
	<b>TOTAL</b>	<b>(12.06)</b>	<b>\$2,800,000</b>

Attachment J includes all of the budget adjustments across all applicable City departments and funds to pay for the compensation increases, including the budgetary reductions described in the table above. Attachment K details the position eliminations described in the table above.

The above-recommended General Fund cost reductions are necessary to ensure alignment between ongoing revenues and expenditures in 2023-2024; however, as discussed previously, the actual and expected cost impacts from the employee compensation increases included in this memorandum are anticipated to put negative pressure on the 2024-2025 and 2025-2026 General Fund budget development processes, as these costs were not contemplated in those years based on the Five-Year Forecast that was last issued in February 2023. Absent any improvement in projected economic conditions, estimates for other revenue sources, and/or other future expenditure costs, double-digit General Fund shortfalls may occur that, while still modest in comparison to the overall General Fund budget, would likely require additional service reductions to keep the General Fund in balance in those years. It is also important to note that, because community needs and expectations to expand various services already exceeds the City's limited budgetary capacity, the General Fund faces a service level/structural shortfall from a practical perspective. As a result, the City Council is anticipated to engage in difficult budgetary tradeoff considerations for the foreseeable future.

Formal revisions to 2024-2025 and future year projections will be incorporated into the 2025-2029 Five-Year Forecast that is scheduled for release at the end of February 2024. The new Forecast will include the costs of the compensation levels recommended in this memorandum, along with the latest analysis of economic projections, all revenue sources, and other cost assumptions. Regardless of the scenario, should the new Forecast anticipate General Fund shortfalls in future years, as always, the Administration would bring forward a budgetary strategy to best meet the priorities of the City Council and minimize any service impacts to the community to the greatest extent feasible. However, if addressing a shortfall, some level of service reductions should be expected.

HONORABLE MAYOR AND CITY COUNCIL

September 1, 2023

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## **COORDINATION**

This memorandum was coordinated with the City Attorney's Office.

## **PUBLIC OUTREACH**

This memorandum will be posted on the City's website in advance of the September 12, 2023, City Council Agenda.

## **COMMISSION RECOMMENDATION/INPUT**

These agreements were not coordinated with any board or commission.

## **CEQA**

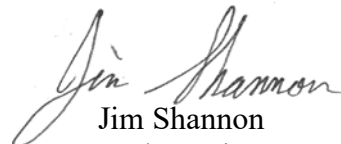
Not a Project, File No. PP17-010, City Organizational and Administrative Activities resulting in no physical changes to the environment.

## **PUBLIC SUBSIDY REPORTING**

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.



Jennifer Schembri  
Director of Employee Relations  
Director of Human Resources



Jim Shannon  
Budget Director

For questions, please contact Jennifer Schembri, Director of Employee Relations and Human Resources, at (408) 535-8150.

Attachment A – City of San José - AEA Negotiations Tentative Agreement  
Attachment B – City of San José - AMSP Negotiations Tentative Agreement  
Attachment C – City of San José - CAMP Negotiations Tentative Agreement  
Attachment D – City of San José - MEF Negotiations Tentative Agreement  
Attachment E – City of San José - ABMEI Negotiations Side Letter Agreement



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Attachment F – City of San José - ALP Negotiations Side Letter Agreement

Attachment G – City of San José - POPRA Negotiations Side Letter Agreement

Attachment H – City of San José - SJPDA Negotiations Side Letter Agreement

Attachment I – City of San José - OE#3 Negotiations Side Letter Agreement

Attachment J – Budget Adjustments

Attachment K – Position Changes