



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: David Sykes

SUBJECT: SEE BELOW

DATE: June 24, 2021

SUBJECT: COMPENSATION AND BENEFIT CHANGES FOR EXECUTIVE MANAGEMENT AND PROFESSIONAL EMPLOYEES IN UNIT 99 AND OTHER UNREPRESENTED EMPLOYEES (UNITS 81/82) FOR FISCAL YEARS 2021-2022, 2022-2023, AND 2023-2024

RECOMMENDATION

Adopt a resolution to:

- a) Approve compensation and benefit changes for executive management and professional employees in Unit 99 and other unrepresented employees (Units 81/82), for Fiscal Years 2021-2022, 2022-2023, and 2023-2024.
- b) Amend the City of San Jose Pay Plan effective June 27, 2021, to roll the pensionable Peace Officer Standards and Training (POST) pay into the base pay, for the classification of Deputy Chief of Police U (2219), which increases the salary range to \$221,400.00 – \$264,800.00, with no other increase to compensation in Fiscal Year 2021-2022.
- c) Approve a 3.75% Crisis Intervention Training (CIT) premium pay and 4.00% ongoing non-pensionable retention premium pay for the classification of Deputy Chief of Police U (2219) classification, effective June 27, 2021.
- d) Amend the City of San Jose Pay Plan effective June 27, 2021, to provide a special pensionable wage adjustment of approximately two percent (2.00%) for the Assistant Police Chief U (2225) classification. This action, in addition to the recommended general wage increase for classifications designated to Unit 99 effective June 27, 2021, will increase the Assistant Police Chief U (2225) salary range to approximately \$170,387.813 – \$265,595.339.

OUTCOME

Adoption of the resolution and authorization to approve compensation and benefit changes will result in the changes described in the Analysis section, below, including, but not limited to, an approximately 3.00% pensionable general wage increase for Fiscal Years 2021-2022, 2022-2023, and 2023-2024 for executive management and professional employees in Unit 99 and other unrepresented employees (Units 81/82). It will further result in POST pay being rolled into base pay for the Deputy Chief of Police U classification, as well as the Crisis Intervention Training (CIT) premium pay and the non-pensionable ongoing retention premium pay being extended to the Deputy Chief of Police U classification. It will also result in a special pensionable wage adjustment of approximately 2.00% for the Assistant Police Chief U classification.

BACKGROUND

General Wage Increases and Benefits for Executive Management and Professional Employees

Executive Management and Professional Employees (Unit 99) consist of approximately 349 FTEs, including Senior Staff, Executive Staff, senior managers under the City Manager's Appointing Authority, Council Office staff, senior managers under the appointing authority of the City Attorney, and professional or management employees under the appointing authority of the City Auditor and Independent Police Auditor. In addition, there are employees in Unit 99 who work in the City Clerk's Office.

Unit 82 does not currently have any classifications assigned to it. Employees in Unit 99 are exempt employees and, therefore, do not receive overtime. In addition, they are not on salary steps and progress through the salary range based on increases tied to performance only. Employees in Unit 81 are on 2.50% salary steps and receive automatic step increases. Unit 81 includes part-time, unbenefited employees, such as Student Interns.

The recommended compensation changes for Executive Management (Unit 99) and unrepresented employees (Units 81/82) are consistent with the agreements that have been reached with other non-sworn bargaining units.

Compensations Adjustments for Deputy Chief and Assistant Police Chief Classifications

In January 2016, a 4.00% non-pensionable ongoing retention premium pay was received by classifications assigned to the San Jose Police Officers' Association (POA), including employees in the Deputy Chief of Police U classification. In January 2017, the City Council approved a 2.75% CIT premium pay effective Fiscal Year 2018-2019, and a 1.00% increase to CIT in Fiscal Year 2019-2020 for classifications assigned to the POA. In April 2021, as part of an Agreement for a successor Memorandum of Agreement, the POA agreed not to challenge the Municipal Employee Relations Officer's designation of the Deputy Chief of Police U classification to be

placed in the management unit of Unit 99. Effective June 27, 2021, the Deputy Chief of Police U Classification will be placed in Unit 99. As such, it is recommended to continue to provide the CIT premium pay and the non-pensionable ongoing retention premium pay, and to roll the pensionable POST pay into base pay for the Deputy Chief of Police U classification to avoid any reduction in pensionable and/or take home compensation when the classification is moved to Unit 99. It is not recommended to provide the Deputy Chief classification with the 5% non-pensionable compensation pay that employees in Unit 99 receive, as this will create further salary compaction issues between the Deputy Chief of Police U classification and the Assistant Police Chief U classification. These recommended actions will ensure that all sworn classifications in the San Jose Police Department will continue to receive the CIT premium pay and the non-pensionable ongoing retention premium pay, as these premium pays are currently extended to the Chief of Police U and Assistant Police Chief U classifications. It is further recommended that the Assistant Chief of Police U classification receive a special pensionable wage adjustment of approximately 2.00% to address salary compaction issues with the Deputy Chief of Police U classification.

ANALYSIS

The following is a summary of the compensation and benefit changes for executive management and professional employees in Unit 99 and other unrepresented employees that are recommended to be implemented upon approval by the City Council:

**Pensionable
General Wage
Increase** Fiscal Year 2021-2022
Effective June 27, 2021, employees in Unit 99 and Units 81/82, except for employees in the Deputy Chief of Police U (2219) classification, will receive a base pay increase of approximately 3.00%. This will result in both the top and bottom of the pay range being increased by approximately 3.00%.

Fiscal Year 2022-2023
Effective the first full pay period of Fiscal Year 2022-2023, employees in Unit 99 and Units 81/82 will receive a base pay increase of approximately 3.00%. This will result in both the top and bottom of the pay range being increased by approximately 3.00%.

Fiscal Year 2023-2024
Effective the first full pay period of Fiscal Year 2023-2024, employees in Unit 99 and Units 81/82 will receive a base pay increase of approximately 3.00%. This will result in both the top and bottom of the pay range being increased by approximately 3.00%.

One-Time Non-Pensionable Lump Sum Bonus Effective June 27, 2021, a \$1,000 one-time, non-pensionable lump sum payment shall be made to full-time employees holding positions in classifications assigned to Unit 99 and Units 81/82. To receive the one-time, non-pensionable lump sum payment, a full-time employee must have been employed in a Unit 99 or Unit 81/82 position on May 11, 2021, and still be employed in a Unit 99 or Unit 81/82 position effective June 27, 2021.

In recognition of work performed during the COVID-19 pandemic, a one-time, non-pensionable lump sum payment shall be made to part-time employees in Unit 99 and Units 81/82 as follows:

Benefit Level	Amount of One-Time Non-Pensionable Lump Sum Payment
30.00 – 34.00 Hour Benefit Level	\$750
25.00 – 29.00 Hour Benefit Level	\$625
20.00 – 24.00 Hour Benefit Level	\$500
Part-Time Unbenefited Employees	\$250

To receive the one-time, non-pensionable lump sum payment, a part-time employee must have been employed in a Unit 99 or Unit 81/82 position on May 11, 2021, and still be employed in a Unit 99 or Unit 81/82 position effective June 27, 2021. In addition, a part-time unbenefited employee must have worked at least 520 hours from May 3, 2020, through May 1, 2021, and must still be employed in a Unit 99 or Unit 81/82 position effective June 27, 2021.

Roll POST Pay into Base for Deputy Chief of Police Effective June 27, 2021, amend the City of San Jose Pay Plan effective June 27, 2021, to roll the pensionable Peace Officer Standards and Training (POST) pay into the base pay, for the Deputy Chief of Police U (2219) classification, which will increase the salary range to \$221,400.00 – \$264,800.00, with no other increase to compensation in Fiscal Year 2021-2022.

Special Pensionable Wage Adjustment for Assistant Police Chief Effective June 27, 2021, provide a special pensionable wage adjustment to the Assistant Police Chief U (2225) classification of approximately 2.00%. This special pensionable wage adjustment is in addition to the 3.00% pensionable general wage increase for Fiscal Year 2021-2022.

5% Non-Pensionable Compensation Increase

The Deputy Chief of Police U (2219) classification shall not be eligible for the 5.00% ongoing non-pensionable compensation increase upon being placed in Unit 99, effective June 27, 2021.

Management Performance Program

Effective June 27, 2021, performance-based compensation increases through the Management Performance Program (MPP) using an employee's overall performance rating for Fiscal Year 2021-2022 only, shall be as follows for employees in Unit 99:

FY 2021- 2022	Outstanding	Commendable	Satisfactory	Needs Improvement
Performance Based Compensation Increase	2.75%	2.0% - 2.5%	1%	0%

The merit increase structure shown above shall apply to Fiscal Year 2021-2022 only. The City Manager shall retain their discretion to provide salary adjustment and executive leave guidelines for the Management Performance Program for all years following Fiscal Year 2021-2022.

Technology Stipend

Effective as soon as practicable, eligible full-time and part-time benefitted employees in Unit 99 will receive a monthly Technology Stipend in the amount of \$80. Currently, many employees in Unit 99 receive a Cellular and/or Data Plan Stipend. The Technology Stipend shall be in lieu of any Cellular and/or Data Plan Stipend that any employee may be receiving or may have been eligible for.

Any employee who leaves a position in which they are receiving the Technology Stipend will cease to receive the Technology Stipend. This will occur whenever an employee is transferred, promoted, reassigned, or otherwise leaves the specific position in which the employee was authorized to receive the Technology Stipend.

Professional Development Program Proration for Part-Time Employees

The City will reimburse each eligible part-time benefitted employee one hundred percent (100%) of expenses incurred, up to the maximum amounts per fiscal year listed below, pursuant to the terms and conditions as described in the City Administrative Policy Manual's Professional Development Program Policy.

Scheduled Work Hours per Week	Maximum Reimbursement for Part-Time Benefited Employees	Maximum Reimbursement for Professional Materials
35-39.9 hours per week	\$1,000.00	\$500.00
30-34.9 hours per week	\$750.00	\$375.00
25-29.9 hours per week	\$625.00	\$312.50
20-24.9 hours per week	\$500.00	\$250.00
Less than 20 hours per week	\$0.00	\$0.00

Higher Class Pay

For employees in Unit 99, higher class pay shall be paid based on all pensionable hours reported.

Executive Leave Proration

Effective the first pay period of payroll calendar year 2022, when an employee is hired or promoted into a position eligible for executive leave, the leave will be prorated during the first-year dependent upon the hire date.

Start Date in Position	Hours of Executive Leave
January 1 – February 28 (February 29 on a Leap Year)	40 hours
March 1 – April 30	32 hours
May 1 – June 30	24 hours
July 1 – August 31	16 hours
September 1 – October 31	8 hours
November 1 – End of Payroll Calendar Year	0 hours

Effective the first pay period of payroll calendar year 2022, an employee who is promoted or demoted into a position in Unit 99 will have the number of Executive Leave hours they receive upon promotion or demotion reduced on an hour-for-hour basis based on their usage of Personal Leave and/or Executive Leave within the same payroll calendar year.

Effective the first pay period of payroll calendar year 2022, an employee on a reduced work week schedule will receive executive leave as indicated in the chart below, even if the actual hours worked exceed that amount.

Scheduled Work Hours per Week	Benefit Level	Hours of Executive Leave
35-39.9 hours per week	100%	40 hours
30-34.9 hours per week	75%	30 hours
25-29.9 hours per week	62.5%	25 hours
20-24.9 hours per week	50%	20 hours
Less than 20 hours per week	Unbenefited	None

Further details related to Executive Leave, including details related to the use of the four-hour rule, are contained in City Administrative Policy Manual Section 4.2.4, Executive Leave and Absence Policy.

Bereavement Leave

All leave must be used within 30 (increase from 14) calendar days following the death of an applicable relative.

City Paid Family Leave Pilot Project

Effective as soon as practicable, employees in Unit 99 and Units 81/82 will participate in a City-Paid Parental Leave Pilot Project (“Pilot Program”).

The terms and conditions of the Pilot Program shall be as follows:

- Effective for births, adoptions or foster care placements that occur after the implementation of the Pilot Program, full-time employees shall be eligible for City-Paid Parental Leave for a maximum of one (1) week consisting of up to forty (40) hours of continuous paid time off for the following City-Paid Parental Leave reasons:
 - a) The birth of a child of the employee or the employee’s registered domestic partner.
 - b) The placement, through adoption or foster care, of a minor child with the employee or the employee’s registered domestic partner
- In addition to the forty (40) hours of continuous paid time off, full-time employees shall also be eligible use up to 120 hours of their available sick leave for City-Paid Parental Leave reasons
 - “Child” means a biological, adopted, or foster child who is under 18 years of age.
- An individual may be eligible for City-Paid Parental Leave on any day in which he or she is unable to perform his or her regular or customary work because of one or more City-Paid Parental Leave reasons.

- To be eligible for the City-Paid Parental Leave an employee must have passed probation and completed at least 2,080 hours of service from the most recent date of hire.
- Employees must complete a Leave of Absence Application 30 days prior to the commencement of leave where possible and submit required documentation upon request by the City. Requests for City-Paid Parental leave are subject to approval by the employee's Department Director/designee.
- City-Paid Parental Leave shall be provided once per payroll calendar year. City-Paid Parental Leave is not an accrued benefit and not subject to pay out upon termination of employment. Thus, employees are not paid out their City-Paid parental Leave when they leave the City and City-Paid Parental Leave may not be carried over beyond the end of the last day of pay period 26 for each payroll calendar year. City-Paid Parental Leave is a "use it or lose it" benefit based on the payroll calendar year. The payroll calendar year begins the first day of pay period one and ends the last day of pay period 26.
- All leave provided under this Pilot Program runs concurrently with qualifying leave under the federal Family and Medical Leave Act and California Family Rights Act.
- City-Paid Parental Leave and the use of available sick leave balances for City-Paid Parental Leave reasons must be used and completed no later than 12 months from the birth or placement of a child.

CONCLUSION

It is recommended that the Council adopt the Administration's recommendation outlined in this memorandum, which includes, but is not limited to, providing an approximately 3.00% pensionable general wage increase for Fiscal Years 2021-2022, 2022-2023, and 2023-2024 for executive management and professional employees in Unit 99 and other unrepresented employees (Units 81/82), except for the Deputy Chief of Police U classification for Fiscal Year 2021-2022. Approval of the Administration's recommendation will further result in POST pay being rolled into base pay for the Deputy Chief of Police U classification, as well as Crisis Intervention Training (CIT) and the non-pensionable ongoing retention premium pays being extended to the Deputy Chief of Police U classification. The Assistant Chief of Police U classification will also receive a special pensionable wage adjustment of approximately 2.00% to address compaction issues with the Deputy Chief of Police U classification.

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EVALUATION AND FOLLOW-UP

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

CLIMATE SMART SAN JOSE

The recommendation in this memo has no effect on Climate Smart San José energy, water, or mobility goals.

PUBLIC OUTREACH

This memorandum will be posted on the City's website for the June 29, 2021, City Council Agenda.

COORDINATION

This memorandum was coordinated with the City Attorney's Office, the City Manager's Budget Office and the City Manager's Office of Employee Relations. In addition, the recommendations have been coordinated with the Council Appointees.

COMMISSION RECOMMENDATION/INPUT

This agreement was not coordinated with any board or commission.

COST IMPLICATIONS

The increased cost of the 3.0% general wage increase effective June 27, 2021 is approximately \$2.4 million in all funds, of which \$1.1 million is in the General Fund. The ongoing costs for the increases related to paid parental leave is approximately \$20,000. In addition, the one-time \$1,000 lump sum non-pensionable payment will cost approximately \$460,000. The costs related to the increase in MPP for Fiscal Year 2021-2022, and the implementation of a Technology Stipend total approximately \$455,000. There are no additional costs related to rolling POST pay into the base pay, providing 3.75% CIT premium pay, and 4% ongoing non-pensionable retention premium pay for the classification of Deputy Chief of Police U (2219) as these pays were already included in the budget for this classification. Lastly, the cost of the 2% special pensionable wage adjustment for the Assistant Police Chief U (2225) classification will cost approximately \$7,500. These increased costs will be offset by a decrease in the Salaries and Benefits Reserve or an alternative funding source; the recommended budget actions will be brought forward for City Council approval as part of a future budget process.

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The ongoing increased cost of the 3.0% general wage increase effective the first full pay period of Fiscal Year 2022-2023 is approximately \$3.5 million, of which \$1.6 million is in the General Fund. The ongoing increased cost of the 3.0% general wage increase effective the first full pay period of Fiscal Year 2023-2024 is approximately \$3.6 million, of which \$1.7 million is in the General Fund. These ongoing increases will be factored into the annual development of the 2022-2023 Base Budget.

CEQA

Not a Project, File No. PP17-010, City organizational and administrative activities resulting in no changes to the physical environment.


David Sykes
City Manager

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