

June 17, 2021

John Tucker
1150 N First Street #101
San Jose, CA 95112

Matt Mason
4 N. Second Street, Suite 430
San Jose, CA 95113

RE: Coalition Negotiations with IFPTE and MEF on Successor MOAs

Dear Matt and John:

AEA, AMSP, CAMP (IFPTE) and MEF have been in coalition negotiations with the City on a successor Memorandum of Agreement (MOA) since March 17, 2021. During these negotiations IFPTE and MEF have proposed a significant number of proposals, many of which have substantial cost implications associated with them. While both IFPTE and MEF have dropped some of these proposals, many still remain on the table. As such, during the negotiation process, the City has taken into consideration and tried to balance the costs associated with providing package proposals that include a pensionable general wage increase and some of the economic items that IFPTE and MEF have proposed. It is important to note that the City is looking at the total compensation of each package and that everything that is contained in each package is coming from one "pool" of money. For example, if we were to agree to a premium pay or training pay that affected just one classification, that would be provided from the same money that could have been used for an economic item, such as a pensionable general wage increase, for the entire bargaining unit.

However, the City has heard and appreciates the recent concerns raised by various employees represented by IFPTE and MEF related to the importance of receiving a pensionable general wage increase that is equivalent to 3.0%. The City is amenable to including a 3.0% pensionable general wage increase as part of an overall agreement with IFPTE and MEF, and this is reflected in the enclosed proposals. In doing so, the City has reviewed all economic items that were previously included in prior package proposals as the cost of providing a 3.0% pensionable general wage increase must be balanced with the costs associated with other economic items.

We have also heard the concerns related to the recruitment and retention of City employees. The City has been and remains committed to addressing specific classifications where there are recruitment and retention issues, both as part of these negotiations and as they arise outside of negotiations. In the enclosed packages, there are a number of proposed Side Letter Agreements for various classifications including, Recreation Supervisor, Engineers, Architects and Designers, Youth Outreach Workers, Code Enforcement Inspectors, and Hazardous Material Inspectors where we are proposing to conduct classification/compensation reviews. Following a study of these classifications, the City will meet and confer over the results, including any recommended changes to individual job specifications and/or salary ranges, as appropriate.

We have also heard concern about the recent agreement with the POA. We believe there are some misunderstandings surrounding this agreement. First, it is a two-year agreement, covering this current Fiscal Year and next. Both IFPTE and MEF have agreements already covering this Fiscal Year and had previously agreed to a 3% pensionable general wage increase. However, it should be noted that the POA agreed to only 6 months of an increase for this current Fiscal Year, most of which was in the form of a one-time non-pensionable lump sum (this was the \$2,000 in the agreement, and is not on top of the wage increase), whereas IFPTE and MEF received their previously agreed to pensionable wage increase for the entirety of Fiscal Year 2020-2021. There are also items in the POA agreement that provide tangible on-going savings for the City, such as the civilianization agreement, some of which is in the budget for next Fiscal Year, to help address the shortfall. All of this should be taken into account when looking at the total compensation package of the POA agreement.

In addition, we wanted to share with you data that we have collected regarding the wage increases that are being provided within our marketplace of local agencies. It was important for us to determine whether the wage increases we are offering are out of line with other agencies. As you can see in the enclosure, that is not the case and what we are offering for next Fiscal Year is more than the average wage increase provided by comparable jurisdictions.

The City remains hopeful that we can reach an agreement with IFPTE and MEF soon, and in time for any wage increases to be effective by June 27, 2021. It should be noted that for a wage increase to be effective on June 27, 2021, the last possible Council meeting for which this could be approved would be June 29, 2021, and we would need to have a tentative agreement reached as soon as possible. As the City previously indicated, and as is clear in our proposals, we are not agreeable to retroactivity of any wage increase.

Sincerely,



Jennifer Schembri
Director of Employee Relations
Director of Human Resources

c: Dave Sykes, City Manager
Jennifer Maguire, Assistant City Manager
MEF Negotiation Team
IFPTE Negotiation Team

Enclosures

**Negotiated General Wage Increases
2021-2023**

Agency	Union	2021-2022	2022-2023
Alameda County	SEIU 1021	3.25%	3.25%
Berkeley	SEIU 1021	-	-
Concord	Teamsters 856	-	-
Contra Costa County	AFSCME 2700	3%	-
Daly City	AFSCME 829	3%	-
Fremont	CFEA	0	-
Hayward	SEIU 1021	-	-
Oakland	SEIU	-	-
San Francisco	SEIU 1021	3.5%	-
San Mateo County	SEIU 521	-	-
Santa Clara	SCEA 1021	0	0
Santa Clara County	SEIU 521	3%	3%
Sunnyvale	SEA	3%	-
Average of known increases		2.34%	2.08%

A “-“ denotes that a contract is not yet negotiated or not publicly available as of June 17, 2021.

**2021 CAMP NEGOTIATIONS
PACKAGE PROPOSAL E**

TERM

- July 1, 2021 – June 30, 2023

WAGES

- Fiscal Year 2021-2022

In recognition of work performed during the COVID-19 pandemic, a \$1,000 one-time, non-pensionable lump sum payment shall be made to full-time employees holding positions in classifications assigned to CAMP effective the first full pay period in Fiscal Year 2021-2022 following union ratification and Council approval in open session. To receive the one-time, non-pensionable lump sum payment, a full-time employee must have been employed in a CAMP represented position on May 11, 2021, and still be employed in a CAMP represented position effective the first full pay period in Fiscal Year 2021-2022 following union ratification and Council approval in open session.

In recognition of work performed during the COVID-19 pandemic, a one-time, non-pensionable lump sum payment shall be made to part-time CAMP represented employees 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 CAMP represented position on May 11, 2021, and still be employed in an CAMP represented position effective the first full pay period in Fiscal Year 2021-2022 following union ratification and Council approval in open session. 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 CAMP represented position effective the first full pay period in Fiscal Year 2021-2022 following union ratification and Council approval in open session.

3.00% general wage increase effective the first full pay period in Fiscal Year 2021-2022 following union ratification and Council approval in open session. Effective the first full pay period in Fiscal Year 2021-2022 following union ratification and Council approval in open session, all salary ranges for employees holding positions in classifications assigned to CAMP shall be increased by approximately 3.00%.

- Fiscal Year 2022-2023

3.00% general wage increase effective the first full pay period of Fiscal Year 2022-2023. Effective the first full pay period of Fiscal Year 2022-2023, all salary ranges for employees holding positions in classifications assigned to CAMP shall be increased by approximately 3.00%.

2021 CAMP NEGOTIATIONS PACKAGE PROPOSAL E

CONTRACTING OUT

- Contracting Out (As counterproposed on April 23, 2021)

SIDE LETTERS

- Management Performance Program (Counterproposal – See Attached)
- Classification Review – Recreation Supervisor (As counterproposed on June 14, 2021)
- Reallocation Program (As counterproposed on April 30, 2021)
- Supervising CSO Duties (As counterproposed on May 7, 2021)
- Bilingual Pay (As proposed on May 19, 2021)
- Paid Parental Leave (As counterproposed on June 2, 2021)

TENTATIVE AGREEMENTS

- Flexible Workplace Policy (As counterproposed on May 19, 2021)
- Resuming On-Site Work Safely (As counterproposed on May 19, 2021)
- Absent Without Leave (As proposed on April 16, 2021)
- Bereavement Leave (As proposed on April 16, 2021)
- Four Hour Rule (As counterproposed on April 30, 2021)
- Professional Development Program Proration (As proposed on April 16, 2021)
- City Paid Union Release Time Code (As proposed on April 16, 2021)
- Executive Leave Proration (As counterproposed on June 2, 2021)

OTHER TERMS

This package proposal is submitted in an attempt to reach a settlement. In the event the package proposal is not accepted in its entirety, the City reserves the right to modify, amend and/or add proposals.

2021 CITY OF SAN JOSE – CAMP NEGOTIATIONS

CITY COUNTERPROPOSAL – MANAGEMENT PERFORMANCE PROGRAM

City Proposed Language:

The City will make the attached changes to the Management Performance Program policy.

For fiscal year 2021-2022 only, the City Manager shall use their discretion to provide Management Performance Program merit increases as follows:

Overall Rating	Merit Increase
Outstanding	2.65%
Commendable	2.00% - 2.50%
Satisfactory	1.00%
Improvement Needed	0.00%

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.

Attachment:

City Policy Manual 3.3.2 Management Performance Program

Management Performance Program

3.3.2

PURPOSE

The Management Performance Program (MPP) is intended to: (1) increase the accountability of City Management employees by ensuring that their job performance is evaluated at least annually, and (2) reinforce and recognize job performance results that exceed pre-established targets and expectations.

AUTHORITY

San Jose Council Resolution #51870 (October 10, 2001) establishes the manner in which management employees are compensated within their respective salary ranges, based on annual evaluations of job performance, and describes the basic rules for the administration of the MPP.

San Jose Municipal Code, Section 3.04.1700 states that the Director of Human Resources, in cooperation with the Appointing Authority, shall establish and maintain a method of rating the performance of employees in the classified service and that ratings shall be done not less than annually.

POLICY

1. Annual Evaluations.

The job performance of each management employee shall be evaluated at least annually and this evaluation shall be used to determine the employee's rate of compensation within the salary range established for his/her job class.

2. Scope of Coverage.

The MPP applies to employees in positions defined as management (Unit 99—Executive Management and employees represented by AEA, AMSP, CAMP), except for employees in Temporary Unclassified positions and Council Appointees. Also, certain provisions of the MPP do not apply to management employees in the offices of the City Attorney or City Auditor, and these are specified in Section 4A of Council Resolution #51870.

3. Appraisal Periods.

The appraisal period for a management employee generally begins the first day of appointment to the management position and ends upon completion of the employee's probationary period.

(Please note that unclassified and temporary employees do not serve a probationary period since they are "at-will" employees. "At-will" employees should be evaluated after completing six months of full time service and annually thereafter consistent with other MPP employees.) After an employee completes probation, or has completed six months of service, the appraisal period corresponds to the City's fiscal year, July 1 through June 30. In the case where an employee has been supervised by more than one supervisor during the MPP rating period, the prior supervisor's input should be sought and considered in the current supervisor's evaluation of the employee. An exception to this is a special appraisal, which may be given at any time to communicate marginal or unsatisfactory performance. A special appraisal covers the period from the time of the last

Management Performance Program

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review to the designated special appraisal date. An employee shall be provided notice that they are going to receive a special appraisal, ideally when they receive an appraisal that warrants a special appraisal.

4. Switch from Initial Review to Annual Schedule.

Since management employees' appraisal dates convert after completing probation (or for "at-will" employees after six months), to a common annual date in July, there will usually be one appraisal cycle for each individual where the appraisal period will be more, or less than twelve (12) months. Employees whose initial review occurs in January through June, and who receive a salary increase at the end of this period, shall not be eligible for an additional salary increase until the following appraisal year. Consequently, because of the conversion, they will have an appraisal period of thirteen (13) to eighteen (18) months.

Employees whose initial review occurs sometime in the first half of the appraisal year—July through December will be included in the next annual appraisal (the following July). Therefore, because of the conversion, they will have an appraisal period of six (6) to eleven (11) months.

5. Rating Criteria and MPP Form.

There are 5 "Key Elements" for the MPP employees. The MPP form should be used to document the appraisal results, with supplemental narrative and information attached. Employees should be made aware of performance issues throughout the rating period and not just upon receipt of an appraisal. Relevant conversations or counselings should be cited in the appraisal.

The "Accomplishments" portion of the form should be used to describe specific goals and objectives that were established at the beginning of the appraisal period. These should directly relate to the Key Elements and the resulting performance ratings for each.

The "Achievement Plan" should document specific goals for the next appraisal period. It should be developed jointly by the manager and the MPP employee. The Achievement Plan should be described in terms of anticipated results. This is an opportunity to focus incorporating the corporate priorities (or the portions that apply) into the organization's way of doing business.

6. Management Pay Structure.

MPP job classes represented by AMSP, CAMP, AEA and classes in Executive Management—Unit 99 are in open ranges and do not have steps.

7. Annual Appraisal Salary Changes.

There are no automatic step increases in the MPP. For MPP classifications, the annual performance appraisal may include recommendations for merit increases up to the top of their salary ranges.

During the Fall of each year, the City Manager will provide guidelines for the types of salary changes that are typically appropriate for annual appraisal salary changes, corresponding to the overall performance rating.

Management Performance Program

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Movement within the range is based on the overall performance appraisal rating.

Salary changes recommended through the annual appraisal process are effective at the beginning of the first pay period of the fiscal year, which typically falls around July 1.

8. Additional Executive Leave.

All participants in the annual appraisal process, and those probationary employees who served in an MPP job in a different class for the appraisal year, may be eligible for additional executive leave. Additional executive leave may be considered when the employee has received a particular rating. During the Fall of each year, the City Manager will provide guidelines for the additional executive leave, corresponding to the overall performance rating.

The following rules apply for additional executive leave:

- From one to five days may be awarded. For employees in Units 99 (Executive Management), CAMP, and AEA, this is in addition to the currently authorized five (5) days, for a maximum possible of ten (10) days. For employees in AMSP, five (5) days is the maximum possible.
- Employees who receive additional executive leave may also receive performance pay increases, if warranted.
- Executive leave is tracked (through PeopleSoft) on a calendar year basis, so additional executive leave approved through the annual performance appraisal process in July, will not be credited and available to use until the next calendar year, beginning in January.

9. Follow-up Performance Appraisal.

A management employee who receives an overall rating of "Improvement Needed" as a result of a performance appraisal should be given a follow-up performance appraisal 120 days after the initial evaluation. The supervisor and employee should have a discussion about what is necessary to improve the rating. It is recommended that this conversation is documented. The purpose of the follow-up appraisal is to encourage performance improvement and assess the level of improvement that occurred in the intervening time period.

10. Evaluation Appeals.

If a management employee with permanent status (not provisional or probationary) receives an overall rating of "Improvement Needed," the employee may appeal the decision by first, requesting in writing, a hearing with the department head, within ten (10) calendar days after receiving the evaluation. The Department Director will conduct the hearing with the employee within twenty (20) calendar days after receiving the request to hear the employee's concerns. The Department Director will render a written decision on the appeal within five calendar days of the hearing.

If the decision of the Department Director is not satisfactory to the employee, he or she may file a further appeal in writing to the appropriate Appointing Authority, within ten (10) calendar days after receiving notification from the Department Director. This appeal request should include a

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statement describing the reasons for the appeal. The Appointing Authority shall review the statement from the employee, make a final decision and inform the employee in writing within thirty (30) days from receipt of the appeal.

PROCEDURES

- | | |
|---------------------|---|
| Supervisors | 1. Discuss performance rating criteria and process with management employee at the beginning of the appraisal period. |
| Supervisors | 2. Complete performance appraisal at the end of probation period and submit to Human Resources. |
| Human Resources | 3. Provide Department Director with information and timelines for the annual appraisal process. |
| Department Director | 4. Communicate instructions to supervisors on the annual appraisal process and timelines. |
| Supervisors | 5. Prepare performance appraisals and submit recommended awards to Department Director. |
| Department Director | 6. Determine the performance pay and executive leave recommendations for the department and submit recommendations to the Director of Human Resources. |
| Supervisors | 7. Conduct performance appraisal discussions and communicate any pay or executive leave changes to the management employees. Discuss Achievement Plans for the next appraisal period. |
| Human Resources | 8. Review recommendations for compliance with City Manager guidelines. |
| Department Director | 9. Send the MPP performance reports and the record of approved pay and executive leave changes to the Human Resources Department. |
| Human Resources | 10. Ensure implementation of all changes through Payroll changes and documentation in employee personnel files. |

Approved:

Management Performance Program

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DRAFT

Director of Employee Relations
Director of Human Resources

DRAFT

Assistant City Manager

DRAFT

Date

DRAFT

Date