

June 26, 2023

*Via Email*  
Elizabeth Kamya  
4 N. Second Street #430  
San Jose, CA 95113

**Re: IFPTE's Declaration of Impasse**

Dear Liz:

The City is in receipt of your letter, [dated June 16, 2023](#), in which IFPTE, Local 21 (IFPTE) declared that the Association of Engineers and Architects (AEA), IFPTE, Local 21, the Association of Maintenance Supervisory Personnel (AMSP), IFPTE, Local 21, and the City Association of Management Personnel (CAMP), IFPTE, Local 21 and the City have reached an impasse regarding negotiations on successor Memoranda of Agreement (MOAs) with the City. The City is encouraged that IFPTE is amenable to mediation as part of the impasse process, and we are hopeful that the involvement of a neutral mediator may help the parties reach an agreement. The City will work with IFPTE and the California State Mediation and Conciliation Service to begin this process.

In reviewing IFPTE's June 16, 2023, letter we believe it is important to highlight some issues as they remain important aspects in these negotiations, particularly as we embark on the mediation process:

- Throughout these negotiations, the IFPTE bargaining team has referenced "restoring" or "reinstating" the 5.00% ongoing non-pensionable compensation increase that IFPTE agreed to in 2018. As you know, in 2018 MOA negotiations the unions informed the City that staff wanted to maximize take home pay in those negotiations. Based on this feedback, the City provided two options – (1) where the unit would receive a 3.00% pensionable general wage increase in FY 2018-2019, and (2) where the unit would receive a 5.00% ongoing non-pensionable compensation increase where neither employees nor the City would pay pension contributions on this income, and where this pay would be considered part of base pay for the purposes of surveys and premium pays. All units aside from OE#3 elected to take the 5.00% ongoing non-pensionable compensation increase. As you are aware, the Federated Retirement System is currently 57% funded, and any wage increases or changes in pensionable pay above the amount assumed by the Board will impact the plan's unfunded liability. In fact, the City's actuary estimates that the impact for converting this non-pensionable pay to a pensionable pay would amount to approximately \$1.9 million for AEA, \$1.7 million for AMSP, and \$5.2 million for CAMP, which in total

June 26, 2023

Page 2

for IFPTE alone is \$8.8 million, before considering any further general wage increase for FY 2023-2024.

- The City's proposal provides 4 weeks (160 hours) of City-paid time, and the ability to use up to 4 weeks (160 hours) of sick leave, for a total of 8 weeks (320 hours) of Paid Parental Leave time. This is in addition to any other leave entitlements that employees may have under the City's Leave of Absence Policy. What the City is proposing matches or exceeds what other public agencies are offering for Paid Parental Leave. This underscores the City's acknowledgement of the benefits of providing such time off for baby bonding purposes to support employees with families.
- As you are aware, merit increases that are provided as part of the Management Performance Program (MPP) are based on an employee's performance during the rating period. The determination of the amount of the merit increase awarded through the MPP is determined annually by the City Manager and is an integral component in the budget process. It is important for the City Manager to maintain the discretion to determine the specifications for the MPP year-to-year and your proposal puts the program further away from a performance-based rating system for managers where we are attempting to recognize outstanding and commendable performance.
- Lastly, you provided that the City's market survey was inaccurate as it included Richmond and Antioch. As you know, the City's comparator agencies are comprised of cities and counties in Santa Clara, San Mateo, Contra Costa, San Francisco, and Alameda Counties that serve populations of 100,000 or more based on population figures from the U.S. Census Bureau. These have been the City's longstanding market comparators, and while the parties have exchanged proposals related to potential changes to this list in these, no agreement has been reached.

Based on the enclosed market comparator survey, which is based on IFPTE equivalent units in the marketplace, the City has found the following:

- In Fiscal Year 2022-2023, the City's 4.50% general wage increase was greater than or equal to 12 of 16 agencies in the marketplace.
- The City's Last, Best, and Final Offer of a 5.00% general wage increase in Fiscal Year 2023-2024 is greater than or equal to 14 of 14 agencies in the marketplace who have settled wage increases for that year, and approximately 0.91% higher than the average of those agencies.
- The City's Last, Best, and Final Offer of a 4.00% general wage increase in Fiscal Year 2024-2025 is greater than or equal to 9 of 10 agencies in the marketplace who have

June 26, 2023  
Page 3

settled wage increases for that year, and approximately 0.45% higher than the average of those agencies.

- There are only 2 agencies in the marketplace with settled wage increases in Fiscal Year 2025-2026, and it is too early to know what the average of those increases will look like once more jurisdictions reach agreements covering that fiscal year.

| Agency   | Unit(s)           | FY 2022-2023 | FY 2023-2024 | FY 2024-2025 | FY 2025-2026 |
|--|-------------------|--------------|--------------|--------------|--------------|
| <b>Average</b>   |                   | 3.17%        | 4.23%        | 3.56%        | 4.50%        |
| <b>Actual and Proposed San Jose General Wage Increases</b> | AEA / AMSP / CAMP | 4.50%        | 5.00%        | 4.00%        | 3.00%        |

The wages agreed to by many of the City’s other non-sworn unions became effective on June 25, 2023, and which are consistent with those that have been offered to AEA, AMSP and CAMP in the City’s [Last, Best and Final Offers](#) are greater than or on par with the agencies within the marketplace, and to say that the City is offering wages that are not is simply inaccurate.

Again, we look forward to engaging further with IFPTE in the mediation process and in a good-faith attempt to reach an agreement on a successor MOA.

Sincerely,

Burke Dunphy

Enclosures: Updated General Wage Survey for Comparator Jurisdictions

cc: Jennifer Schembri, Director of Employee Relations and Human Resources  
Elsa Cordova, Assistant to the City Manager

**General Wage Increase Survey  
Marketplace of Agencies**

| Agency   | Unit(s)                  | FY 2022-2023 | FY 2023-2024 | FY 2024-2025 | FY 2025-2026 | Sources   |  |
|--|--------------------------|--------------|--------------|--------------|--------------|---|--|
| San Francisco  | IFPTE                    | 5.25%        | 4.81%        | -            | -            | <a href="#">IFPTE</a>                                       |  |
| Oakland  | IFPTE                    | 5.00%        | 5.00%        | 4.00%        | -            | <a href="#">IFPTE TA</a>                                    |  |
| Fremont  | FAME / PETA              | 5.00%        | 5.00%        | 4.00%        | -            | <a href="#">Fremont Association of Management Employees</a> | <a href="#">Professional Engineers &amp; Technicians Association</a> |
| Hayward  | IFPTE / HAME             | 2.00%        | 5.00%        | -            | -            | <a href="#">IFPTE</a>                                       | <a href="#">Hayward Association of Management Employees</a>          |
| Sunnyvale  | SMA                      | 3.00%        | -            | -            | -            | <a href="#">Sunnyvale Managers Association</a>              |  |
| Concord  | OPEIU                    | 3.00%        | -            | -            | -            | <a href="#">OPEIU</a>                                       |  |
| Santa Clara (City)   | Unit 4                   | 0.00%        | 5.00%        | 3.00%        | -            | <a href="#">Engineers of the City of Santa Clara</a>        |  |
| Berkeley   | PEU                      | 3.00%        | 1.00%        | -            | -            | <a href="#">Public Employees Union</a>                      |  |
| Richmond   | IFPTE                    | 0.00%        | 5.00%        | 4.00%        | 4.00%        | <a href="#">IFPTE</a>                                       |  |
| Antioch  | Management Unit          | 2.00%        | 4.00%        | 3.00%        | -            | <a href="#">Management Unit Tentative Agreement</a>         |  |
| San Mateo (City)   | SMMEA                    | 4.00%        | 4.00%        | 1.00%        | -            | <a href="#">San Mateo Management Employees' Association</a> |  |
| Daly City  | AFSCME / ECDPSA          | 4.00%        | 4.00%        | 4.00%        | -            | MOAs are not updated. Data is per Daly City HR.             |  |
| Alameda County   | IFPTE / ACMEA            | 3.50%        | 3.50%        | 3.50%        | -            | <a href="#">IFPTE - PACE</a>                                |  |
| Contra Costa County  | IFPTE                    | 5.00%        | 5.00%        | 5.00%        | 5.00%        | <a href="#">IFPTE</a>                                       |  |
| San Mateo County   | SMCCE                    | 3.00%        | 3.00%        | 4.00%        | -            | <a href="#">SMCCE</a>                                       |  |
| Santa Clara County   | CEMA / IFPTE             | 3.00%        | 3.00%        | -            | -            | <a href="#">County Employees Management Association</a>     | <a href="#">IFPTE</a>  |
| <b>Average</b>   |                          | <b>3.17%</b> | <b>4.09%</b> | <b>3.55%</b> | <b>4.50%</b> |   |  |
| <b>Actual and Proposed San Jose General Wage Increases</b> | <b>AEA / AMSP / CAMP</b> | <b>4.50%</b> | <b>5.00%</b> | <b>4.00%</b> | <b>3.00%</b> |   |  |

**Additional Notes:**

General Wage Increases shown above represent the highest increase between the agency and the units surveyed.

San Francisco's FY 23-24 increases are in 2 parts (2.50% on 7/1/23, and 2.25% on 1/6/24) and are contingent on the following: "if the March 2023 Joint Report, prepared by the Controller, the Mayor's Budget Director, and the Board of Supervisors' Budget Analyst, projects a budget deficit for fiscal year 2023-2024 that exceeds \$300 million, then the base wage adjustment due on July 1, 2023 [and on January 6, 2024], will be delayed by approximately six (6) months"

Updated City of Santa Clara to 5.00% in FY 23-24 based on side letter with Unit 4. (6/15/23)