

Capitola City Council

Agenda Report



Meeting: June 27, 2024

From: City Manager Department

Subject: Memorandum of Understanding with the Mid-Management Employee Group and Management and City Manager Compensation Plans

Recommended Action: Authorize the City Manager to: 1) Execute a successor agreement to the existing Memorandum of Understanding with negotiated changes for the Mid-Management Employee Group, subject to technical corrections and 2) Execute a successor agreement to the existing Management Compensation Plan; and Authorize the Mayor to execute the Eighth Amendment to the City Manager Employment Agreement.

Background: The City of Capitola's employees are divided into five bargaining groups, with associated agreements. The City's Employee Memoranda of Understandings (MOUs) expire at the end of June 2024. As required by state law, the City has participated in good faith negotiations with the bargaining groups on working conditions, salary, and benefit changes.

Discussion: The City of Capitola and all employee bargaining groups began negotiation meetings in March 2024. The City Council gave the City's negotiator fiscal authority based on the City's ten-year budget forecast, the results of a compensation study, and known concerns regarding healthcare plan costs. Each bargaining group has negotiated for items they prioritize.

On June 14, 2024, the Mid-Management Employee Group signed a tentative agreement. A red-lined MOU with negotiated changes is included as an attachment to this report.

In addition to City bargaining groups, the City Council directed staff to modify the Department Head Compensation and Benefits Plan and the City Manager Employment Agreement within the same financial authority as given for the other groups. The proposed Department Head Compensation and Benefits Plan is attached, as is 2021 Compensation Plan for comparison.

The City Council generously approved \$2,000 wellness bonuses for the Confidential Bargaining Unit, of which the Assistant to the City Manager is a member, and proposed the same wellness bonus for the City Manager. The Assistant to the City Manager and the City Manager have elected to allocate this \$4,000 in funding to Citywide employee engagement.

Fiscal Impact: Fiscal impacts resulting from the Mid-Management Employees MOU, the Management Compensation Plan, and the City Manager Employment Agreement have been incorporated into the FY 2024-25 Budget. In 2024-25, the estimated fiscal impact of the negotiated changes to the Mid-Management MOU is \$61,000. This includes \$25,500 in Cost of Living Adjustments (COLAs), \$21,500 in City health care contributions and \$14,000 in one-time wellness bonuses.

In 2024-25, the estimated fiscal impact of the changes to the Management Compensation Plan and Eighth Amendment to the City Manager Agreement is \$54,200. This includes \$33,600 in COLAs and \$20,600 in City health care contributions.

Attachments:

1. Red-lined Mid-Management Employee MOU

2. 2021 Management Compensation Plan
3. Proposed 2024 Compensation and Benefits Plan
4. Eighth Amendment to the City Manager Employment Agreement

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Reviewed By: Julia Gautho, City Clerk; Jim Malberg, Finance Director

Approved By: Jamie Goldstein, City Manager