



## STAFF REPORT

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**MEETING DATE:** March 13, 2024

**PRESENTER:** John Jansons, City Manager

**SUBJECT:** Resolution Approving Side Letter Agreement with the Kerman Municipal Employees Association (JAJ)

**RECOMMENDATION:** Council by motion adopt resolution approving Side Letter Agreement with the Kerman Municipal Employees Association (KMEA) implementing targeted equity adjustments to KMEA salary scales in response to labor market competitiveness.

**DISCUSSION:**

In 2020, the City Council approved a three year Memorandum of Understanding (labor bargaining agreement) with the Kerman Municipal Employees Association (KMEA) that included a provision, which obligated the City to conduct a labor market competitiveness salary survey for consideration in the third year of the agreement.

Bryce Consulting Inc., with specialized experience in human resources and salary and compensation analytical services, was hired to perform the survey in 2022 for all represented Kerman employees, with Kerman Police Department employees being examined first, and followed by an examination of salary competitiveness of Kerman Municipal Employees Association (KMEA) members.

The comparable 11 cities (the survey pool) selected for examination were cities similar to Kerman and its resources and capacity, within a realistic and reasonable commute range, and were reviewed with, and approved by KMEA.

The survey revealed that most positions within the KMEA were compensated below the pool average. As a result, the study proposed salary adjustments to bring each comparable position in line with labor market averages.

In consultation with City Council, staff was authorized to propose salary adjustments to the "60<sup>th</sup>" percentile, or 10 points above median to reflect the appreciation and value of KMEA members to the City and its leadership and in line with expectation of employee performance.

In order to implement the recommend salary adjustments to KMEA salaries, a Side Letter Agreement (**Attachment 'B'**) was negotiated with the KMEA and subsequently ratified by KMEA for City Council consideration and approval. Included with the Side Letter Agreement are the proposed and recommended new salary scales for KMEA employees.

**FISCAL IMPACT:**

The fiscal impact to the City's personnel budget will be spread across multiple funds IE: water, streets, wastewater, refuse, utilities etc., with a more direct impact to the General Fund for Administrative (Management Services), Community Development and Community Services personnel. The approximate cost of the recommended targeted equity adjustments for KMEA salaries is \$206,000 for Fiscal Year 23/24, with approximately \$51,000 of that amount borne by the General Fund.

**CONCLUSION:**

If adopted, the resolution will be effective immediately and the new salaries will be effective and implemented in the first full payroll period following this approval beginning on March 17, 2024.

**ATTACHMENTS:**

- A. Resolution
- B. Attachment A to Resolution (Side Letter Agreement between City of Kerman and KMEA)
- C. Exhibit A to Side Letter (KMEA Proposed Salary Scales Effective March 17, 2024)

**RESOLUTION NO. 24-\_\_\_**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KERMAN APPROVING SIDE LETTER AGREEMENT WITH THE KERMAN MUNICIPAL EMPLOYEES ASSOCIATION IMPLEMENTING TARGETED EQUITY ADJUSTMENTS TO SALARY SCALES RESULTING FROM COMPARABLE COMPENSATION MARKET STUDY**

WHEREAS, the City of Kerman and the Kerman Municipal Employees Association (KMEA) entered into an updated Memorandum of Understanding (MOU) in 2020 covering the period July 1, 2021 to June 30, 2024; and

WHEREAS, the MOU stipulated that during the term of the MOU, the City would commission a comparable salary study to determine local labor market competitiveness of the City's compensation levels; and

WHEREAS, in 2023, the City hired Bryce Consulting Inc., a statewide leader in human resource and compensation analytics; and

WHEREAS, the resulting comparable survey revealed that targeted salary adjustments were warranted to address competitiveness for talent; and

WHEREAS, the City values and appreciates KMEA employees and recognizes the importance of maintaining competitive salaries and benefits; and

WHEREAS, the City is in positive financial circumstances to absorb the recommended salary increases estimated at approximately \$206,000 for FY 23/24 for employees of KMEA, at full staffing which allocated to both the General Fund and Enterprise Funds; and

WHEREAS, the KMEA membership ratified the Side Letter Agreement prior to it coming before the City Council for consideration of approval.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

Section 1. The above recitals are true and correct and incorporated herein by reference.

Section 2. The City Council approves the Side Letter Agreement with KMEA attached as **Attachment 'B'** and incorporated by reference to implement targeted equity adjustments to KMEA salaries including Exhibit A to the Side Letter (the Salary Schedule).

Section 3. Upon approval, the salary adjustments will become effective March 17, 2024 with the first new, full payroll period following this action.

Section 4. This Resolution is effective upon adoption.

The foregoing resolution was adopted at a regular meeting of the City Council of the City of Kerman held on the 13<sup>th</sup> day of March 2024 and passed at said meeting by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

The foregoing resolution is hereby approved.

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Maria Pacheco  
Mayor

ATTEST:

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Josie Camacho  
Interim City Clerk