



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 10/07/2025

ITEM NO: 4

DATE: October 7, 2025
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Confidential Employee Group Vacation Accrual Cap Increase**

RECOMMENDATION: Approve the increase to the Confidential employee group vacation accrual cap maximum from 310 hours to 320 hours.

FISCAL IMPACT:

There is a negligible financial impact from this change to increase the vacation accrual cap by 10 hours for each of the 13 employees in the Confidential employee group. Financial impacts for the increased vacation accrual cap would only occur if an employee separates or retires from Town service at the new 320 vacation accrual cap and is paid for their unused hours. Currently, there are two employees who are at the current vacation accrual cap. Should they decide to separate or retire with the full 320 hours of vacation to be paid out at their current rate of pay, the additional cost would be \$1,200.43. An increased cost to the Town would only be in rare circumstances where an employee would be at the revised cap and decide to separate or retire otherwise, it could be a loss of productivity for the additional leave hours taken by a Confidential employee.

STRATEGIC PRIORITY:

This item does not have an impact on the Town's strategic priorities.

BACKGROUND:

Employees designated as Confidential employees are those who are privy to the decisions of Town management affecting employer-employee relations. Based upon this designation in Town Resolution 1974-41, Confidential employees are unrepresented and at-will.

PREPARED BY: Cheryl Parkman
Human Resources Director

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

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SUBJECT: Confidential Employee Group Vacation Accrual Cap Increase

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DISCUSSION:

When benefit changes are made for TEA employees through successor MOU negotiations, the process has been to change the benefits for Confidential employees through the Council approval process. The vacation accrual cap was increased for employees represented by TEA from 310 to 320 in the 2024-2027 successor Memorandum of Understanding (MOU). The change to the vacation accrual cap for Confidential employees was not approved by Council with the Confidential employee group salary increases and staff is recommending it now to better align benefits.

Confidential employee group benefits are approved to aligned with TEA because there is a direct promotional pipeline between TEA and Confidential positions, and it can cause administrative issues when an employee receives less benefits when moving classifications between the two employee groups.

CONCLUSION:

The Town recommends that the Council approve the vacation accrual cap increase from 310 to 320 hours.

COORDINATION:

This memorandum was coordinated with the Town Attorney's Office and the Finance Department.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

ATTACHMENT:

1. Benefits by Employee Group revised effective October 7, 2025