MEMORANDUM

TO: VICTOR CARDENAS, CITY MANAGER
DANIELLE MAHONEY, ASSISTANT CITY MANAGER

FROM: TIA GRONLUND-FOX, DIRECTOR OF HUMAN RESOURCES

SUBJECT: NEGOTIATIONS UPDATE

DATE: APRIL 8, 2026

CONFIDENTIAL

POLICE COMMAND

We have met with the Police Command bargaining team on two occasions, the most recent being on March 30th.

Staying within City Council's direction, we initially offered a 3% increase each year of the proposed contract. As discussed at the initial Executive Session, the budget includes wage increases of four percent (4%) each year of the contract.

Command's most recent offer includes wage increases from 10.49% to 19.73%, depending on seniority, as well as a change in their retirement plan. Currently, once a police officer promotes into the command group, their retirement plan (either a defined benefit 2.8% multiplier, or a hybrid plan) freezes and they move into the defined benefit plan (2.5% multiplier) that is active for that group. This plan is the only remaining defined benefit plan that is "open", meaning employees can enter into that plan.

The offer that was presented to the City would allow those promoted to a command position, to bring with them whatever retirement plan they have at the time of promotion (either a 2.8% defined benefit or hybrid plan). I have reached out to the Municipal Employees Retirement System (MERS) to determine if this is an option, and if so, what would be the effect on the City's unfunded accrued liability. MERS initial response was that this is something that would be allowed by way of negotiations. However, they indicated that, "there would not be an immediate impact to the unfunded accrued liability", something that I need to obtain further clarification on.

In addition to the above, Command also proposed to eliminate the employee's contribution to the pension plan (a current cost of $102,383), a two percent (2%) annual cost of living adjustment paid each year of the contract (a cost of $24,000), discontinuing the Retiree Health Care Savings program, and the city re-directing that contribution into a deferred compensation plan that is not restricted to medical expenses only (a cost of 7.34% FICA), as well as all other enhancements that were granted the police officers in their recent contract (additional vacation time, increased shift differential pay). The total first year cost for the above proposal is $556,516.

One strategy that has been discussed among the City's bargaining team could be to present a last best offer that includes the same economic package that was offered to the police officer group, i.e. five percent (5%) in year one, and four percent (4%) in years two and three, as well as an incentive to settle, (if we believe we are close to a settlement), by offering a $2,000 signing bonus if ratified prior to June 30th. We believe this strategy may prove helpful if we find ourselves moving to binding arbitration. Likely, an arbitrator may grant an offer equal to the police officers' settlement, and perhaps we could avoid any retro-payments.

MAPE

We have met with both MAPE groups (City Hall and DPW) on two occasions, the most recent being on March 16th.

Staying within City Council's direction, to start the process we offered two and a half percent (2.5%) wage increases each of the three years of the contract. As discussed in our initial Executive Session, the budget reflects four percent (4%) in year one, and three percent (3%) in years two and three.

Both the City Hall and DPW groups proposed a five percent (5%) wage increase in year one with a $1,000 signing bonus, a five percent (5%) wage increase in year two, a four percent (4%) wage increase in year three, with a one-time $1,000 increase to base wages, and a City contribution of .5 percent per year into a deferred compensation plan, as well as longevity, a hybrid retirement plan, increased dental and optical benefits, and enhancements to the way overtime is earned. A request to reclassify several positions within both groups was also presented.

City Hall

The additional first year cost of the City Hall union's economic proposal is estimated at $157,669. This cost does not include additional costs for enhancements to dental or optical benefits.

If we were to offer a four percent (4%) wage increase, as currently budgeted, that additional first year cost would be $78,250, a three percent (3%) wage increase in years two and three would be an additional $61,035, and $62,867 respectively.

The four positions within the City Hall group (two support staff in Community Development, the W&S Billing position, and the GIS technician) have previously been identified by City Administration as needing to be re-classified, based upon both internal and external comparability. We are working with the Finance team to determine the cost.

DPW

DPW employees have proposed a re-alignment of their classification schedule for field positions. These positions include Water & Sewer and Roads and Drains Equipment Operators.

An initial cost analysis shows a first-year increase of $259,868, or a 3.57% increase each year of the contract. Much of this increase is ultimately charged to either the W&S Fund ($73,029), or the Roads Fund ($115,612), and does not have a net increase on the General Fund.

If we back out salaries/benefits from these funds, the net percentage increase is three percent (3%) for each of the three years of the contract, or one percent (1%) per year.

We believe a modification of these classifications are warranted to correct an outdated classification model that does not provide room for advancement, or as skills and knowledge increase. Additionally, by making these re-alignments, we position ourselves to be more competitive for recruitment purposes.

Furthermore, if the union agrees to any modification proposal, we would eliminate Out-of-Class pay, an annual savings of $6,000 - $8,000 per year based upon current rates of pay.

If a settlement cannot be reached, both MAPE groups have access to mediation and arbitration. However, because these groups are not eligible for 312 arbitration, any award issued by an arbitrator is not binding.

I look forward to discussing our strategies moving forward.