



# CITY COUNCIL AGENDA REPORT

CITY HALL

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CITY OF SONORA 94 N. WASHINGTON STREET, SONORA, CA 95370 P: (209) 532-4541

*SERVICE, INNOVATION, INTEGRITY, COLLABORATION, RESPECT, LEADERSHIP*

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**DATE:** March 17, 2025

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Melissa Eads, City Administrator  
Chris Gorsky, Administrative Services Director

**SUBJECT:** Approve Resolution No. 03-17-2025-D and Resolution No. 03-17-2025-E Approving the Memorandum of Understanding (MOU) Agreements and Salary Schedules with the Sonora Police Officers' Association (SPOA), the Sonora Management Employees' Association (SMEA), and the Sonora Confidential Employees' Association (SCEA)

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## RECOMMENDATION:

Approve Resolution No. 03-17-2025-D and Resolution No. 03-17-2025-E Approving the Memorandum of Understanding (MOU) agreements and Salary Schedules with the Sonora Police Officers' Association (SPOA), the Sonora Management Employees' Association (SMEA), and the Sonora Confidential Employees' Association (SCEA) and Authorize the City Administrator to Finalize the Memorandums of Understandings.

## BACKGROUND:

Competitive compensation is essential for attracting and retaining a skilled workforce and ensuring high-quality service delivery to the community. Historically, the City has faced challenges in recruiting and retaining employees due to wage disparities compared to neighboring jurisdictions. An example of the City's ongoing recruitment challenges occurred during the hiring process for the Community Development Director, where the below-market salary resulted in a limited pool of applicants. To secure a qualified candidate, the City had to enhance the total compensation package with non-salary benefits, underscoring the difficulty of remaining competitive in the job market without offering market-aligned wages. This recruitment experience highlights the broader challenges the City faces in attracting and retaining top talent amid regional wage disparities.

To address this issue, the City conducted a comprehensive compensation study, which was approved by the City Council in January 2024. This study evaluated current salary and benefit levels across various positions and provided recommendations for a structured internal alignment. Based on the study's findings, the City Council directed staff to initiate negotiations with the City's employee associations to develop fair and competitive compensation agreements.

Prior to these MOUs, the City's internal pay structure was not always equitable across positions, leading to inconsistencies in compensation. The study showed disparities between positions with some positions at market while others were significantly below. This became particularly evident when salary increases were necessary to attract and retain police officers in a competitive job market. As the Police Department struggled to retain



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employees due to uncompetitive wages, staffing levels reached a critical low, with only 60% of sworn positions filled. This shortage strained operations, impacting the department's ability to provide essential public safety services and highlighting the urgent need for competitive compensation to attract and retain qualified officers. As police officer salaries were adjusted to remain competitive, it became essential to also adjust management-level compensation to maintain fairness, uphold organizational hierarchy, and ensure appropriate pay differentials between supervisory and subordinate positions.

Based on the study's findings, the City Council directed staff to initiate negotiations with the City's employee associations to develop fair and competitive compensation agreements.

Following these negotiations, the resulting five-year Memoranda of Understanding's (MOU) have been finalized and are now presented for City Council approval. These agreements reflect the negotiated terms designed to enhance employee retention and recruitment while maintaining fiscal responsibility.

To proactively manage the financial impact of these wage increases, staff has established a dedicated Labor Reserve Fund. This reserve ensures the City can sustainably fund the increased wages resulting from these MOUs for the next eight years, providing financial stability, budget predictability, and long-term sustainability. By strategically allocating resources, the City can phase in costs responsibly while continuing to deliver high-quality services without compromising fiscal health.

## DISCUSSION:

The negotiated five (5) year MOU's strikes a balance between ensuring competitive compensation for employees and maintaining the City's long-term financial sustainability. Several key provisions were incorporated to achieve this balance:

- **Competitive Pay Adjustments** – Salary structures were adjusted based on the compensation study to align with market rates, ensuring the City remains competitive in attracting and retaining skilled employees.
- **Employee Hired Prior to July 1, 2024** – Exiting employees are not affected by any reductions in benefits.
- **Approved Up to Two Canine Officers** – Contingent on available budget, the Chief of Police may appoint up to two (2) sworn employees to the assignment of Canine Officer.
- **Removal of OPEB (Other Post-Employment Benefits) for Future Employees** – To mitigate long-term financial liabilities, the City negotiated the removal of retiree health benefits for new employees while maintaining commitments to current employees.
- **Reduction in Sick Leave Cash-Out at Separation** – The agreements lower the amount of unused sick leave that can be cashed out upon an employee's departure, reducing the City's financial exposure.



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- **Caps on Certification and Education Pay** – While still incentivizing employee development, the City introduced reasonable caps on certification and education pay to control escalating costs.
- **Removal of Benefits Clause** – A “Me Too” clause that provided the Management Association benefits that are granted to any associations.

These adjustments ensure that the City offers fair and competitive compensation while also implementing cost-control measures to promote financial responsibility. The negotiated agreements align with the Council’s direction to provide sustainable compensation policies that support both the workforce and the City’s fiscal health.

To support these wage increases, the City Council has established a Labor Reserve Fund. In the Fiscal Year 2024/25 budget, \$3,965,000 in unused Measure Y funds were set aside in a Labor Reserve Fund to provide funding for the additional costs of these MOU’s. This will provide the City with an eight (8) year financial cushion, allowing time to strategically plan for future growth and implement measures to increase revenues, ensuring the long-term sustainability of the City. The key benefits of this approach include:

- **Financial Stability:** Spreading out the cost of wage increases over multiple years reduces the risk of sudden budget shortfalls.
- **Predictability:** Allows for better long-term financial planning and forecasting.
- **Employee Retention:** Demonstrates a commitment to fair compensation, reducing turnover and associated costs.

Staff has conducted a financial analysis to ensure the feasibility of the reserve fund without negatively impacting other essential services. By incrementally allocating funds, the City can meet its labor obligations without compromising fiscal health.

## **FISCAL IMPACT:**

The fiscal impact to the General Fund is \$235,800 in the first year, which has already been accounted for in the FY24/25 budget approved in June 2024. The total cost of the five-year contracts for SPOA, SMEA and SCEA is approximately \$2.2 million. Currently staff recommend delaying the usage of the Labor Reserve Fund until next fiscal year. This will allow the Labor Reserve Fund to be extended to as much as ten years and will ensure adequate resources remain available to fund the high-cost capital projects scheduled for years four and five of the Capital Improvement Plan (CIP). Additionally, Staff will propose further allocations to the reserve fund until the City’s CIP ramps up, reinforcing financial stability. In future years, the labor reserve fund will serve as a critical funding source to cover the additional costs associated with these new MOU’s while maintaining the City’s long-term financial health.

## **ATTACHMENTS:**



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- Resolution 03-17-2025-D
- Exhibit "A" - Sonora Police Officers Association (SPOA) Tentative Agreement
- Exhibit "B" - Sonora Management Employees Association (SMEA) Tentative Agreement
- Exhibit "C" - Sonora Confidential Employees Association (SCEA) Tentative Agreement

## **CORE COUNCIL PRIORITIES:**

Staffing - Salary, Benefits, Training, and Retention