



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Jennifer Schembri

SUBJECT: SEE BELOW

DATE: May 8, 2024

Approved

Date

5/8/2024

**SUBJECT: APPROVAL OF THE TERMS OF AN AGREEMENT WITH THE
INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL
UNION NO. 3 (OE#3) FOR THE TERM OF JULY 1, 2024, THROUGH
JUNE 30, 2027**

RECOMMENDATION

Adopt a resolution approving the terms of a collective bargaining agreement between the City of San José and the International Union of Operating Engineers, Local Union No. 3 (OE#3) for the term of July 1, 2024, through June 30, 2027, and authorizing the City Manager or her designee to execute the agreement with those terms.

SUMMARY AND OUTCOME

Adoption of the resolution and authorization to execute an agreement would result in a collective bargaining agreement between the City and OE#3 and authorize the City Manager or her designee to execute an agreement with a term of July 1, 2024, through June 30, 2027.

BACKGROUND

The City of San José's collective bargaining agreement with OE#3 will expire on June 30, 2024. OE#3 currently represents approximately 795 full-time equivalent positions. This unit includes employee job classifications such as Maintenance Worker I/II, Parking Traffic Control Officer, Maintenance Assistant, Groundswoker, and Wastewater Operator I/II/III.

In January 2024, negotiations with OE#3 on a successor agreement commenced, and on or about April 9, 2024, the City and OE#3 reached an overall Tentative Agreement on the terms to be contained in the successor Memorandum of Agreement between the City and OE#3.

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The Tentative Agreement on a successor Memorandum of Agreement is pending ratification by the OE#3 membership. OE#3 will notify the City of the ratification results prior to the May 21, 2024, City Council meeting.

ANALYSIS

A complete copy of the Tentative Agreement is **attached**. The following is a summary of the key provisions of the Tentative Agreement.

Term July 1, 2024, through June 30, 2027

Pensionable General Wage Increase Fiscal Year 2024-2025
6.00% general wage increase effective June 23, 2024, all salary ranges for employees holding positions in classifications assigned to OE#3 shall be increased by 6.00%. This will result in both the top and bottom step of the pay range being increased by approximately 6.00%.

Fiscal Year 2025-2026
4.00% general wage increase effective the first full pay period of Fiscal Year 2025-2026, all salary ranges for employees holding positions in classifications assigned to OE#3 shall be increased by approximately 4.00%. This will result in both the top and bottom step of the pay range being increased by approximately 4.00%.

1.00% general wage increase effective the first full pay period in January 2026, all salary ranges for employees holding positions in classifications assigned to OE#3 shall be increased by approximately 1.00%. This will result in both the top and bottom step of the pay range being increased by approximately 1.00%.

Fiscal Year 2026-2027
3.50% general wage increase effective the first full pay period of Fiscal Year 2026-2027, all salary ranges for employees holding positions in classifications assigned to OE#3 shall be increased by approximately 3.50%. This will result in both the top and bottom step of the pay range being increased by approximately 3.50%.

If the revised Five-Year Forecast included as part of the 2026-2027 Proposed Operating Budget includes a \$10 million dollar surplus or more in Fiscal Year 2026-2027, for employee holding positions in classifications assigned to OE#3 shall be 4.00%

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Shift Differential	Effective June 23, 2024, swing shift differential shall be increased from \$2.00 to \$2.25 per hour.
	Effective June 23, 2024, grave shift differential shall be increased from \$2.35 to \$2.50 per hour.
Protective Footwear	For Fiscal Year 2024-2025, the protective footwear voucher is increased to \$300. For Fiscal Year 2025-2026, the voucher shall be increased to \$325.
Bilingual Pay	Effective June 23, 2024, each full-time employee who meets the eligibility requirements shall be compensated for performing oral communication, sign language duties, or written and oral translation duties at the rate of sixty dollars (\$60) per biweekly pay period for each pay period actually worked.
	Effective June 23, 2024, each part-time benefited employee who meets the eligibility requirements shall be compensated for performing oral communication, sign language duties, or written and oral translation duties at the rate of fifty dollars (\$50) per biweekly pay period for each pay period actually worked.
	If an employee who receives bilingual pay refuses to provide interpretation or translation services for which they are certified, the employee shall no longer be eligible to receive bilingual pay. This determination shall be made by the City Manager or designee in consultation with the Department Director.
	Employees receiving bilingual pay may be periodically required to re-certify their bilingual eligibility in order to continue receiving this premium pay.
Health-In-Lieu	Effective as soon as practicable on or after June 23, 2024, employees who qualify for and participate in the payment-in-lieu of health insurance program will receive \$102.00 per pay period for single rate (currently \$89.09).
City-Paid Parental Leave	For eligible births, adoptions, or foster care placements that occur on or after January 1, 2024, full-time employees will receive a maximum total of three hundred and twenty (320) hours of paid time off and shall be eligible to use up to a maximum total of one-hundred and twenty (120) hours of their available sick leave for City-Paid Parental Leave reasons. For the period of January 1, 2024, through the effective date of this agreement, no retroactive timecard adjustments will be

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allowable and any additional City-Paid parental leave hours as provided for herein may only be used on a prospective basis.

**Classification
Changes-Park
Maintenance Repair
Worker I and
Gardener**

Effective as soon as practicable after June 23, 2024, the salary steps for the Park Maintenance Repair Worker I and Gardener classifications shall be increased to match those of the Maintenance Worker II classification.

Incumbents in those classifications shall have their salary step adjusted as follows:

PARK MAINTENANCE REPAIR WORKER I AND GARDENER		
CURRENT STEP		NEW STEP
Step 1 through 6	→	Step 1
Step 7	→	Step 2
Step 8	→	Step 3
Step 9	→	Step 4

Upon transitioning to the new salary step, incumbents shall have their salary step eligibility reset. For example, employees who are placed in Step 1 will be eligible to advance to Step 2 after completing 1,040 hours of work after having been placed in Step 1. For employees placed at Step 2 or higher, they would be eligible to advance to the next step after completing 2,080 hours of work after having been placed in their step.

**Classification
Changes-
Groundskeeper/
Groundworker**

Effective as soon as practicable after June 23, 2024, the salary steps for the Groundskeeper (FT/PT) and Groundworker classifications will be combined into the Maintenance Worker I classification.

Incumbents in those classifications shall have their salary steps adjusted as follows:

GROUNDSKEEPER (FT/PT) AND GROUNDWORKER		
CURRENT STEP		NEW STEP
Step 1 through 6	→	Step 1
Step 7	→	Step 2
Step 8	→	Step 3
Step 9	→	Step 4

Upon transitioning to the new salary step, incumbents shall have their salary step eligibility reset. For example, employees who are placed in Step 1 will be eligible to advance to Step 2 after completing 1,040

hours of work after having been placed in Step 1. For employees placed at Step 2 or higher, they would be eligible to advance to the next step after completing 2,080 hours of work after having been placed in their step.

**Salary Adjustment -
Park Maintenance
Repair Work II**

To alleviate salary compaction, the Park Maintenance Worker II classification shall receive a 1.25% pensionable salary adjustment.

**Classification
Changes-Street
Sweeper Operator**

Effective as soon as practicable after June 23, 2024, the Street Sweeper Operator classification will be combined with the Maintenance Worker II classification.

Incumbents shall have their salary steps adjusted as follows:

STREET SWEEPER OPERTOR		
CURRENT STEP		NEW STEP
Step 1 through 6	→	Step 1
Step 7	→	Step 2
Step 8	→	Step 3
Step 9	→	Step 4

Upon transitioning to their new salary step, incumbents shall have their salary step eligibility reset. For example, employees who are placed in Step 1 will be eligible to advance to Step 2 after completing 1,040 hours of work after having been placed in Step 1. For employees placed at Step 2 or higher, they would be eligible to advance to the next step after completing 2,080 hours of work after having been placed in their step.

EVALUATION AND FOLLOW-UP

No further follow-up action with the City Council is expected at this time.

COST SUMMARY/IMPLICATIONS

The cost of the 6.00% general wage increase effective June 23, 2024 is approximately \$4.2 million in all funds, of which \$1.5 million is in the General Fund. The ongoing increased cost of the classification adjustments for Park Maintenance Repair Worker I, Gardener, Groundskeeper (FT/PT), Groundswoker, Street Sweeper Operator, and Park Maintenance Repair Worker II classifications is approximately \$379,500 in all funds, of which \$359,800 is in the General Fund.

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These total increased costs will be offset by a decrease in the Salaries and Benefits Reserve or an alternative funding source; the recommended budget actions will be brought forward for City Council approval as part of a future 2024-2025 budget process. These costs are not inclusive of any potential increase to the Federated City Employees' Retirement System's unfunded liability that may occur because this pensionable wage increase exceeds the actuarial assumptions of the Federated Board, which would occur at the earliest in Fiscal Year 2025-2026. The ongoing costs will be factored into the annual development of the Base Budget.

The ongoing costs related to shift differential, bilingual pay, health-in-lieu, and protective footwear is approximately \$106,000 in all funds, of which approximately \$38,000 is in the General Fund. These costs incurred in Fiscal Year 2024-2025 will be absorbed, to the extent possible, within the departments' existing budgets. The ongoing costs will be factored into the annual development of the Base Budget.

The cost of the 4.00% general wage increase effective Fiscal Year 2025-2026, and the additional 1.00% general wage increase effective January 2026 is approximately \$3.7 million in all funds, of which \$1.3 million is in the General Fund. These costs are not inclusive of any potential increase to the Federated City Employees' Retirement System's unfunded liability that may occur because this pensionable wage increase exceeds the actuarial assumptions of the Federated Board. The amortized cost of any such additional unfunded liability could be realized beginning in Fiscal Year 2026-2027. These ongoing costs will be factored into the annual development of the Base Budget.

The cost of the 3.50% general wage increase effective Fiscal Year 2026-2027 is approximately \$2.7 million in all funds, of which \$970,000 is in the General Fund. These costs are not inclusive of any potential increase to the Federated City Employees' Retirement System's unfunded liability that may occur because this pensionable wage increase exceeds the actuarial assumptions of the Federated Board. The amortized cost of any such additional unfunded liability could be realized beginning in Fiscal Year 2027-2028. These ongoing costs will be factored into the annual development of the Base Budget.

COORDINATION

This memorandum was coordinated with the City Attorney's Office and the City Manager's Budget Office.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the May 21, 2024, City Council meeting.

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COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Not a Project, File No. PP17-010, City Organizational and Administrative activities resulting in no changes to the physical environment.

PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.



JENNIFER SCHEMBRI

Director of the City Manager's Office of
Employee Relations
Director of Human Resources

For questions, please contact Jennifer Schembri, Director of Employee Relations, at (408) 535-8150.

Attachment – OE#3 Tentative Agreement

TERM

- July 1, 2024- June 30, 2027

WAGES

- Fiscal Year 2024-2025

6.00% general wage increase effective the first full pay period in Fiscal Year 2024-2025 following union ratification and Council approval in open session. Effective the first full pay period in Fiscal Year 2024-2025 following union ratification and Council approval in open session, all salary ranges for employees holding positions in classifications assigned to OE#3 shall be increased by approximately 6.00%.

- Fiscal Year 2025-2026

4.00% general wage increase effective the first full pay period of Fiscal Year 2025-2026. Effective the first full pay period of Fiscal Year 2025-2026, all salary ranges for employees holding positions in classifications assigned to OE#3 shall be increased by approximately 4.00%.

1.00% general wage increase effective the first full pay period in January 2026. Effective the first full pay period in January 2026, all salary ranges for employees holding positions in classifications assigned to OE#3 shall be increased by approximately 1.00%.

- Fiscal Year 2026-2027

3.50% general wage increase effective the first full pay period of Fiscal Year 2026-2027. Effective the first full pay period of Fiscal Year 2026-2027, all salary ranges for employees holding positions in classifications assigned to OE#3 shall be increased by approximately 3.50%.

If the revised 5-Year Forecast included as part of the 2026-2027 Proposed Operating Budget includes a \$10 million dollar surplus or more in Fiscal Year 2026-2027, the general wage increase effective the first full pay period of Fiscal Year 2026-2027, for employees holding positions in classifications assigned to OE#3 shall be 4.00%.

WAGES AND SPECIAL PAY

- Shift Differential (See Attached)
- Protective Footwear (See Attached)
- Bilingual Pay (See Attached)

BENEFITS

- Payment in Lieu of Health and Dental Insurance (See Attached)

LEAVES

- Paid Parental Leave (See Attached)

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Attachment

OTHER

- Period of Memorandum of Agreement (See Attached)

HOUSEKEEPING

- Housekeeping - Incorporation of Lunar New Year Side Letter (See Attached)
- Housekeeping - Bereavement Leave (See Attached)
- Housekeeping - Sick Leave (See Attached)
- Housekeeping - Overpayment of Compensation (See Attached)
- Housekeeping - City Healthcare Program (See Attached)
- Housekeeping - Salary Steps (See Attached)

SIDE LETTER

- Classification Changes (See Attached)

TENTATIVE AGREEMENT

- POPRA Provisions to Delete from OE#3 MOA (See Attached)

OTHER TERMS

**This agreement is considered tentative and shall not be considered final or binding until a final agreement on all terms has been reached and both ratified by union members and approved by City Council.*

FOR THE CITY:

Elsa Cordova 4/10/2024
Elsa Cordova Date
Assistant to the City Manager
City of San José

FOR THE UNION:

Jeremy Cabacang 4/10/24
Jeremy Cabacang Date
Business Representative
OE#3

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CITY PROPOSAL TO OE#3 – SHIFT DIFFERENTIAL

City Proposed Language:

- 5.3 Shift Differential. Eligible employees, as defined herein, regularly assigned to work a swing shift, shall be paid a shift differential of \$2.~~00~~25 per hour for each eligible hour, as defined herein, to the nearest fifteen (15) minutes, of work performed. Eligible employees, as defined herein, regularly assigned to work a graveyard shift shall be paid a shift differential of \$2.~~35~~50 per hour, as defined herein, to the nearest fifteen (15) minutes of work performed.

- 5.3.1 Eligibility and Application. To be eligible for payment of shift differential, an employee must be assigned to an on-going, regular shift of eight (8) hours or more which is regularly scheduled to start between the hours of:

- a) 2:00 p.m. and 11:59 p.m. (i.e. swing shift), or
- b) 12:00 midnight and 5:59 a.m. (i.e. graveyard shift)

Employees assigned to work an on-going, regular shift of twelve (12) hours or more at the Regional Wastewater Facility (RWF), which is regularly scheduled to start between the hours of 6:00 a.m. to 6:00 p.m. shall be paid a shift differential of \$2.~~00~~25 per hour for each eligible hour, to the nearest fifteen (15) minutes, of work performed between the hours of 2:00 p.m. and 6:00 p.m.

If the employee's shift starts within the time period defined above and the employee works a minimum of two (2) hours within that time period, the employee shall be compensated with shift differential for the entire shift.

If the employee's shift starts within the time period defined above and the employee works less than two (2) hours within that time period, the employee shall be compensated with shift differential for the number of hours of work actually performed within that time period.

- 5.3.2 Except as otherwise required by applicable State or Federal law, shift differential pay shall not be included as regular compensation in computing other benefits.

- 22.6 Shift Differential. Part-time employees indefinitely assigned to regularly scheduled parttime positions, as defined herein, who are regularly assigned to work a shift of three hours or more, regularly scheduled to start between the hours of 2:00 p.m. and 5:59 a.m., shall be paid a shift differential of \$2.~~50~~35 per hour for each hour, to the nearest half hour, actually worked during such shift. Notwithstanding the provisions contained herein, such part-time employees who are regularly assigned to work a shift regularly scheduled to start between 12:00 noon and 1:59 p.m., shall be paid a shift differential of \$2.~~25~~00 per hour commencing with the fifth hour worked on such shift. Except as required by

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applicable State or Federal law, shift differential pay shall not be included as regular compensation in computing other benefits.

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CITY TO OE#3 – PROTECTIVE FOOTWEAR

City Proposed Language:

5.14 Protective Clothing

5.14.1 The City agrees to provide a voucher for the purchase of protective footwear, which may include sole inserts, for up to ~~\$220.00~~\$300.00 for employees in Fiscal Year 2024-2025 when it is determined by the Director of Human Resources or designee that protective footwear is required for the employee. Effective Fiscal Year 2025-2026, the voucher shall be up to \$325.00. Protective footwear shall meet established Occupational Safety and Health Administration's (OSHA) standards, current American National Standard for Personal Protection- Protective Footwear standards and requirements as determined by the City Safety Officer or designee. The City will replace protective footwear as needed, but no more than once per fiscal year. If necessary, the City may replace the employee's safety shoes if they are damaged beyond use due to work related usage as determined by the Department's Safety Officer, or designee, or the City's Safety Officer. An individual may select an approved style that is more expensive than the City maximum by paying the difference. Employees in classifications who are entitled to receive a uniform allowance as provided in Article 5.2 above are not eligible to receive reimbursement for protective footwear under this provision.

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CITY PROPOSAL TO OE #3 – BILINGUAL PAY

City Proposed Language:

- 5.15 Bilingual Pay. To be eligible for a bilingual pay premium pay, an employee must meet at least one of the eligibility criteria in 5.15.1 or 5.15.2 below. Eligible full-time employees shall be compensated at the rate of \$29.00 per biweekly pay period for each pay period.

Each department is responsible for ensuring that employees receiving a bilingual pay premium pay meet the requirements set forth herein.

Each full-time employee who meets the eligibility requirements shall be compensated for performing oral communication, sign language duties, or written and oral translation duties at the rate of sixty dollars (\$60) per biweekly pay period for each pay period actually worked.

5.15.1 The employee is or was selectively certified for a position which has been approved by the Director of Human Resources, or designee, for selective certification based on bilingual ability and is currently assigned to such position, or

5.15.2 The duties currently assigned to an employee and/or currently being performed by an employee requires utilization of a non-English language on a regular basis.

5.15.3 Such employee must be certified as bilingual according to the current established procedure. Before changing the current procedure, the City agrees to provide advanced notice to the Union, pursuant to Article 2.

5.15.4 In the event an eligible employee is on a paid or unpaid leave of absence, for a period of one full pay period or more, the appropriate reduction in the above-mentioned compensation shall be made.

5.15.5 If an employee is denied bilingual pay under the requirements set forth in this article, the employee may appeal in writing to the Department Director, or designee, for reconsideration. If the employee is dissatisfied with the decision of the Department Director, or designee, the employee may apply in writing for reconsideration with the Director of Human Resources. The written decision of the Director of Human Resources shall be final, with no process for further appeal.

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5.15.6 If an employee who receives bilingual pay refuses to provide interpretation or translation services for which they are certified, the employee shall no longer be eligible to receive bilingual pay. This determination shall be made by the City Manager or designee in consultation with the Department Director.

5.15.7 Employees receiving bilingual pay may be periodically required to re-certify their bilingual eligibility in order to continue receiving this premium pay.

22.7 Bilingual Pay. Each eligible part-time benefitted employee who meets the further eligibility requirements set forth in Article 5.15 herein shall be compensated at the rate of fifty nineteen dollars (\$5019) per biweekly pay period for each pay period actually worked.

~~22.7.1 The employee is or was selectively certified for a position which has been approved by the Director of Human Resources for selective certification based on bilingual ability and is currently assigned to such position, or~~

~~22.7.2 The duties currently assigned to an employee and/or currently being performed by an employee requires utilization of a non-English language on a regular basis.~~

~~22.7.3 Such employee must be certified as bilingual according to the current established procedure. Before changing the current procedure, the City agrees to discuss any proposed change with the Union.~~

~~22.7.4 In the event an eligible employee is on a leave of absence, with or without compensation, for a period of one (1) full pay period, the appropriate reduction in the above mentioned compensation shall be made.~~

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CITY PROPOSAL TO OE#3 – PAYMENT IN-LIEU HEALTH AND DENTAL INSURANCE

City Proposed Language:

- 5.7 Payment-in-Lieu of Health and/or Dental Insurance Program. The purpose of the payment-in-lieu of health and/or dental insurance program is to allow employees who have double health and/or dental insurance coverage to drop the City's insurance and receive a payment-in-lieu. Effective as soon as practicable in Fiscal Year 2024-2025, following union ratification and Council approval in open session, the payment in lieu amount for employee only will be adjusted as provided in Section 5.6.5.2. Effective January 1, 2016, payment-in-lieu of health and/or dental insurance will have a 4-tier structure (Employee, Employee plus Spouse/Domestic Partner, Employee plus Child(ren) and Family). The payment-in-lieu amounts will be adjusted effective the first pay period in the payroll calendar year 2016, which starts December 20, 2015.

- 5.7.1 Employees who qualify for and participate in the payment-in-lieu health and/or dental insurance program will receive the following per pay period:

Health Insurance Tier	Health-in-Lieu	Dental-in-Lieu
Employee	\$89.09 <u>102.00</u>	\$6.65
Employee plus Spouse/Domestic Partner	\$147.87	\$13.30
Employee plus Child(ren)	\$129.39	\$11.64
Family	\$221.84	\$19.95

A City employee who receives health and/or dental coverage as a dependent of another City employee or retiree shall be eligible for the employee only coverage for the payment-in-lieu of health and/or dental program.

- 5.7.2 The payment-in-lieu of health and/or dental insurance program is available to full-time employees who are not on a reduced workweek of less than thirty-five (35) regular work hours per week or unpaid leave and have alternate group health and/or dental coverage. To qualify, a new employee must attest that the employee and all covered dependents have or will have minimum essential coverage under an alternative group medical/dental plan and an employee who has a life qualifying event must provide proof of alternate group coverage to Human Resources. Alternate coverage must be acceptable by the City.
- 5.7.3 Enrollment in the payment-in-lieu of health and/or dental insurance program can only be done during the first 30 days of employment, during the annual open enrollment period or within 30 days of a qualifying event (as defined in the Human Resources Benefits Handbook as a change in marital, dependent or work status of the employee or the employee's spouse) occurring anytime during the

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year. Employees who miss the 30-day time limit after a qualifying event must wait until the next open enrollment period to enroll in the payment-in-lieu of insurance program. Enrollment in the payment-in-lieu of insurance program may be canceled by the employee only during the annual open enrollment period unless the employee loses alternate group coverage. Enrollment or cancellation during the open enrollment period will become effective the first pay period of the following calendar year.

5.7.4 Payments for the in-lieu insurance program will be discontinued if an employee becomes ineligible for the program. An employee's ineligible status would include but not be limited to the following situations, employment status changes from full to part time, employee is on an unpaid leave of absence, employee is on a reduced workweek of less than thirty-five (35) regular hours per week, or employee loses or does not have alternate insurance coverage. An employee whose in-lieu payments are discontinued may enroll, if eligible, in a health and/or dental plan during the next annual open enrollment period.

5.7.5 If an employee loses alternate coverage, the employee may enroll in a City health and/or dental plan outside of the open enrollment period. To be eligible the employee must provide verification that alternate coverage has been lost.

5.7.5.1 Health Insurance. To enroll in a City health insurance plan following loss of alternate coverage, the employee must pay all unpaid premiums (City and employee contributions) and refund any excess in-lieu payments required to make the coverage effective on the date when alternate coverage ceased. Reenrollment in the plan shall be in accordance with the carriers' enrollment procedures.

5.7.5.2 Dental Insurance. To enroll in a City dental insurance plan following the loss of alternative coverage, the employee must pay all unpaid premiums (City and employee contributions) and refund any excess in-lieu payments required to make the coverage effective on the date when alternate coverage ceased. Re-enrollment in the plan shall be in accordance with the carrier's enrollment procedures.

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CITY PROPOSAL TO OE#3 – CITY-PAID PARENTAL LEAVE

City Proposed Language:

ARTICLE xx

City-Paid Parental Leave. Effective the first full pay period in Fiscal Year 2024-2025 following union ratification and Council approval in open session, the Paid-Parental Leave Program which will become permanent, and the following will be incorporated into the City's Administrative Policy Manual:

For eligible births, adoptions, or foster care placements that occur on or after January 1, 2024, full-time employees will receive a maximum total of three hundred and twenty (320) hours of paid time off and shall be eligible to use up to a maximum total of one-hundred and twenty (120) hours of their available sick leave for City-Paid Parental Leave reasons.

- For the period of January 1, 2024 through the effective date of this agreement, no retroactive timecard adjustments will be allowable and any additional City-paid parental leave hours as provided for herein may only be used on a prospective basis.

City-Paid Parental Leave and the use of available sick leave balances for City-Paid Parental Leave reasons must be used and completed no later than 12 months from the birth or placement of a child.

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CITY PROPOSAL – PERIOD OF MEMORANDUM OF AGREEMENT

City Proposed Language:

ARTICLE 1 PERIOD OF MEMORANDUM OF AGREEMENT

This Agreement shall become effective July 1, ~~2024~~2021, except where otherwise provided, and shall remain in effect through June 30, ~~2024~~2027. No amendment or change to the provisions of this Agreement shall be valid or binding unless reduced to writing and signed by duly authorized representative(s) of the parties.

It is mutually agreed that the first meeting of the parties will be ~~scheduled held~~ no later than fifteen (15) calendar days after the City or Union receives notice from the other, which may be any date after January 1 of the year in which the current contract terminates. This notice must be made in writing, must specifically include a request to commence bargaining, and must include proposed dates for the meeting.

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CITY PROPOSAL TO OE#3 – HOUSEKEEPING- INCORPORATION OF LUNAR NEW YEAR SIDE LETTER AGREEMENT

City Proposed Language:

ARTICLE 16 HOLIDAYS

16.1 Except as otherwise provided, each full-time employee who is on paid status before and after the holidays specified below shall be entitled to paid holiday leave on each of the following specified days, and on no other day, during the term of this Agreement:

New Year's Day	Indigenous People's Day
Martin Luther King Day	Veterans Day
<u>Lunar New Year</u>	Thanksgiving Day
President's Day	Day After Thanksgiving
Cesar Chavez Day	Christmas Eve Day
Memorial Day	Christmas Day
Juneteenth	
Independence Day	
Labor Day	<u>New Years Eve Day</u>

ARTICLE 17 VACATIONS AND PERSONAL LEAVE

17.4 Personal Leave

Each full-time employee shall be entitled to a total of ~~twenty-four (24)~~ thirty-two (32) hours per payroll calendar year, eight (8) hours of which is granted in recognition that City employees may wish to observe a personal holiday that is not observed by the City. Such leave may be scheduled in fifteen (15) minute increments, at any time, subject to approval of the supervisor. Personal leave does not accrue. Any such leave not taken by the date of separation for employees separating during the year, or by the end of the last pay period in the calendar year for other employees shall not be paid out nor carried over to subsequent years. Under no circumstances, such as promotion, transfer, and/or rehire, shall an employee receive more than ~~twenty-four (24)~~ thirty-two (32) hours of Personal Leave in any given calendar year.

17.4.1 Full-time employees hired on or after July 1st shall be entitled to only twelve ~~(12) hours~~ sixteen (16) of personal leave in the first payroll calendar year in which they were hired.

17.4.2 Effective the first pay period of payroll calendar year 2022, An employee on a reduced work week schedule will receive personal leave as indicated in the chart below, even if the actual hours worked exceed that amount.

Scheduled Work Hours per Week	Benefit Level	Hours of Personal Leave
35-39.9 hours per week	100%	<u>24</u> 32 hours
30-34.9 hours per week	75%	<u>18</u> 24 hours

**2024 CITY OF SAN JOSÉ – OE#3 NEGOTIATIONS
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25-29.9 hours per week	62.5%	15-20 hours
20-24.9 hours per week	50%	12-16 hours
Less than 20 hours per week	Unbenefited	None

- 17.4.3 ~~Effective the first pay period of payroll calendar year 2023, a~~An employee who is promoted or demoted into an OE#3-represented classification will have the number of Personal Leave hours they receive upon promotion or demotion reduced on an hour-for-hour basis based on their usage of Personal Leave and/or Executive Leave within the same payroll calendar year.

2024 CITY OF SAN JOSÉ – OE#3 NEGOTIATIONS TENTATIVE AGREEMENT

CITY PROPOSAL TO OE #3 – HOUSEKEEPING FOR BEREAVEMENT LEAVE

City Proposed Language:

ARTICLE 21 BEREAVEMENT LEAVE

21.1 Employees shall be entitled to use bereavement leave for up to five (5) days due to the death of a qualifying relative. The days of bereavement leave need not be consecutive. Each full time or benefited part-time employee shall be granted bereavement leave with full pay for up to 40 work hours to attend to the customary obligations arising from the death of any of the following relatives of such employee, employee's spouse or employee's domestic partner. Due to the employee's regular work schedule, if the five (5) day entitlement exceeds forty hours, employees may supplement the remaining time off using their accrued leave balances, including, but not limited to, sick leave. All leave must be used within 30 calendar days three (3) months following the death of an applicable relative. Under extreme circumstances, the thirty (30)-day 3-month requirement may be waived by the Director of Employee Relations. The decision of the Director of Employee Relations shall be final, with no process for further appeal.

- a) Parent/Step-parent
- b) Child/Step-child
- c) Spouse
- d) Brother/Sister/Step-brother/Step-sister/Half-brother/Half-sister
- e) Grandparent/Step-grandparent
- f) Great grandparent/Step-great grandparent
- g) Grandchild
- h) Brother/Sister-in law/Son/Daughter-in-law
- i) Domestic Partner

Each unbenefited part-time employee shall be granted unpaid bereavement leave for five (5) days and may use their accrued leave balances, including, but not limited to sick leave.

21.1.1 A domestic partner, as referenced in Section 21.1 must be registered with the Department of Human Resources.

21.2 Anything herein above to the contrary notwithstanding, no such employee shall be granted-entitled to compensation for Bereavement Leave in the event of the death of any of the above relatives, if such employee is not scheduled to work when such Bereavement Leave is required.

**2024 CITY OF SAN JOSE – OE#3 NEGOTIATIONS
TENTATIVE AGREEMENT**

CITY PROPOSAL TO OE#3 – HOUSEKEEPING FOR SICK LEAVE

City Proposed Language:

ARTICLE 18 SICK LEAVE

- 18.1 Each full-time employee shall be entitled to sick leave with pay in accordance with the following provisions:
- 18.1.1 Sick leave shall accrue in an amount equal to the number of hours worked, excluding overtime, multiplied by a factor of 0.04616. Only paid leave for holidays, vacation, compensatory time off, or other paid leave shall be considered as time worked for purposes of this section.
 - 18.1.2 Accrued sick leave may be utilized if the employee is required to be absent from work on account of non-job related illness or injury; routine medical or dental appointments, illness in the immediate family as defined herein; or absence of an OE #3 MOA July 1, 2021 – June 30, 2024 Page 35 eligible female employee due to illness, injury or disability related to pregnancy or child-birth. Immediate family shall be limited to the eligible employee's mother, father, spouse, child or domestic partner registered with the Human Resources Department. Up to 48 hours of accrued sick leave per calendar year may be utilized if the employee is required to be absent for the care related to the illness or injury of the employee's grandparent, grandchild, brother, sister, father-in-law, mother-in-law, stepfather, stepmother, ~~or~~ stepchild or designated person as defined in the City Administrative Policy Manual 4.2.1 Leaves of Absence Policy.

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CITY PROPOSAL TO OE#3 – OVERPAYMENTS OF COMPENSATION

ARTICLE XX OVERPAYMENTS OF COMPENSATION

When the City determines an overpayment has been made to an employee, it shall notify the employee of the overpayment and afford the employee an opportunity to respond prior to commencing recoupment actions. The City will endeavor to reach mutual agreement with the employee regarding repayment terms, which may be in lump sum cash payment(s) or installment(s) through payroll deduction(s). Absent mutual agreement on a method of reimbursement within 30 days, the City shall proceed with recoupment via Payroll deductions over a number of pay periods equivalent to the term of overpayment, unless the maximum deduction per pay period is insufficient to repay the balance of the overpayment. In this case, the payments shall continue for as many pay periods is necessary to repay the balance of the overpayment. In no event shall amounts deducted from payment of salary or wages exceed 15% of the employee's net disposable earnings.

xx.x An employee who separates from City employment prior to full repayment of the amount owed to the City shall have any money owed to the City withheld from their final paycheck(s). If the amount of money owed upon separation is insufficient to provide full reimbursement to the City, the City shall have the right to exercise any and all other legal means to recover the additional amount owed.

2024 CITY OF SAN JOSE – OE#3 NEGOTIATIONS TENTATIVE AGREEMENT

CITY PROPOSAL TO OE#3 – HOUSEKEEPING – CITY HEALTHCARE PROGRAM

The changes below are to incorporate the terms of the Side Letter Agreement dated July 11, 2018, and signed by OE#3 on July 11, 2018, related to the City Healthcare Program.

City Proposed Language:

5.5 Health Insurance

5.5.1 All available plans have a 4-tier rate structure (Employee, Employee plus spouse/domestic partner, Employee plus Child(ren) and Family).

5.5.2 Medical Insurance Provider with the Second Highest Overall Employee Enrollment. The City pays ninety eighty-five percent (9085%) of the cost of the lowest priced Non-Deductible HMO Co-Pay Pplan of the medical insurance provider with the second highest overall enrollment for the employee or the employee and dependent coverage, and the employee pays ten fifteen percent (1015%) of the full premium for the lowest priced Non-Deductible HMO plan. If the employee selects a plan other than the lowest priced Non-Deductible Co-Pay Plan HMO plan, of the medical insurance provider with the second highest overall employee enrollment, employee pays the difference between the total cost of the selected plan and the City's contribution toward the lowest priced Non-Deductible HMO plan.

~~The Kaiser Permanente Deductible 1500 HMO Benefit Plan will be available to employees represented by OE#3 in addition to the existing plan options.~~

5.5.3 Medical Insurance Provider with the Highest Overall Employee Enrollment. The City will pay eighty-five percent (85%) of the full premium cost of the lowest priced Non-Deductible HMO Co-Pay Plan of the medical insurance provider with the highest overall employee enrollment for the employee or the employee and dependent coverage, and the employee pays fifteen percent (15%) of the full premium cost of the lowest priced Non-Deductible Co-Pay Plan of the medical insurance provider with the highest overall employee enrollment. A \$25 Co-pay plan shall be implemented for all HMO plans, including the following:

- a. Office Visit Co-pay shall be \$25
- b. Prescription Co-pay shall be \$10 for generic and \$25 – \$30 for brand name
- c. Emergency Room Co-pay shall be \$100
- d. Inpatient/Outpatient procedure Co-pay shall be \$100

5.5.4 If the employee selects a plan other than the lowest priced Non-Deductible HMO Co-Pay Plan, the employee pays the difference between the total cost of the selected plan and the City's contribution toward the lowest priced Non-Deductible HMO Co-Pay Plan. The Benefits Review Forum representatives may evaluate and recommend appropriate changes in the Health Insurance, Dental, and Orthodontic coverage, subject to approval by the City and ratification by the Union.

**2024 CITY OF SAN JOSE – OE#3 NEGOTIATIONS
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5.5.5 An employee may not be simultaneously covered by City-provided medical benefits as a City employee and as a dependent of another City employee or retiree.

5.5.6 **Default Healthcare Plan** New full-time employees and current employees not previously eligible to receive benefits who are hired into a full-time benefits eligible position and who do not sign up for a healthcare plan within thirty (30) calendar days from their hire date, will be automatically enrolled in the lowest cost HMO Deductible plan offered by the medical insurance provider with the second highest overall employee enrollment at the time the employee is automatically enrolled.

5.6 Dental Insurance. The City will provide dental coverage for eligible full time employees and their dependents in accordance with one of the two available plans. All available plans have a 4-tier rate structure (Employee, Employee plus spouse/domestic partner, Employee plus Child(ren) and Family).

The City will provide dental coverage in the lowest priced plan for eligible full time employees and their dependents. If an employee selects a plan other than the lowest priced plan, the City will pay 95% of the full premium cost for the selected dental coverage for eligible full time employees and their dependents and the employee shall pay 5% of the full premium cost for the selected plan. ~~As of the date of this Agreement the plans include an indemnity plan and a DHMO plan. These plans are described in the City of San Jose Employee Benefits Handbook and in pamphlets available in the Human Resources Department.~~

5.6.1 Each eligible, full-time employee and dependents shall receive a lifetime maximum of \$2,000 Orthodontia coverage in the Delta Dental Plan.

5.6.2 Each active, eligible, full-time employee and eligible dependents that are enrolled in the Delta Dental Plan shall receive annual maximum coverage of \$1500.00.

5.6.3 An employee may not be simultaneously covered by City-provided dental benefits as a City employee and as a dependent of another City employee or retiree.

2024 CITY OF SAN JOSÉ – OE#3 NEGOTIATIONS
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CITY PROPOSAL TO OE#3 – HOUSEKEEPING - SALARY STEPS

ARTICLE 5 WAGES AND SPECIAL PAY

5.1.2 Salary Steps

5.1.2.1 The salary steps for all classifications represented by OE#3 shall be approximately 2.5%.

SIDE LETTER AGREEMENT

BETWEEN
THE CITY OF SAN JOSE
AND
INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL NO. 3 (OE#3)

CLASSIFICATION CHANGES

In recognition of the fact that there is significant overlap in job duties between the classifications listed below and the Maintenance Worker Classification Series, the City and OE#3 agree that effective as soon as practicable but no sooner than the first full pay period of Fiscal Year 2024-2025, following ratification by OE#3 and approval by the City Council in open session:

- The following classifications will have their salary steps increased to match those of the corresponding classification.

CLASSIFICATION TO RECEIVE SALARY ADJUSTMENT	TO EQUAL THE CORRESPONDING CLASSIFICATION
Park Maintenance Repair Worker I	Maintenance Worker II
Gardener	Maintenance Worker II

Incumbents in the classifications listed above shall have their salary step adjusted as follows:

PARK MAINTENANCE REPAIR WORKER I AND GARDENER		
CURRENT STEP		NEW STEP
Step 1 through 6	→	Step 1
Step 7	→	Step 2
Step 8	→	Step 3
Step 9	→	Step 4

- The Groundskeeper (FT/PT) and Groundsworker classifications will be combined into the Maintenance Worker I (FT/PT) classification. Upon combining these classifications, the following adjustments will be made for the current incumbents in the Groundskeeper (FT/PT) and Groundsworker classifications at the time of implementation:

GROUNDKEEPER (FT/PT) AND GROUNDWORKER		
CURRENT STEP		NEW STEP
Step 1 through 6	→	Step 1
Step 7	→	Step 2
Step 8	→	Step 3
Step 9	→	Step 4

SIDE LETTER AGREEMENT

BETWEEN
THE CITY OF SAN JOSE
AND
INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL NO. 3 (OE#3)

CLASSIFICATION CHANGES

3. The Street Sweeper Operator classification will be combined with the Maintenance Worker II classification. Upon combining these classifications, the following adjustments will be made for the current incumbents in the Street Sweeper Operator classification at the time of implementation:

STREET SWEEPER OPERATOR		
CURRENT STEP		NEW STEP
Step 1 through 5	→	Step 1
Step 6	→	Step 2
Step 7	→	Step 3
Step 8	→	Step 4
Step 9	→	Step 5

4. For incumbents in the Gardener, Park Maintenance Repair Worker I, Groundskeeper (FT/PT), Groundswoker, and Street Sweeper Operator classifications, upon transitioning to the new salary step, incumbents shall have their salary step eligibility reset.

EXAMPLE: An employee who has their salary step adjusted to step 1 in the new salary range will be eligible for their next step increase after completion of 1040 hours worked in Step 1 from the date of implementation of this agreement. An employee who has their salary step adjusted to step 2 or above will be eligible for their next step increase after completion of 2080 hours worked in their respective step from the date of implementation of this agreement.

5. To alleviate salary compaction because of the above, the Park Maintenance Repair Worker II classification and all current incumbents in that classification shall receive a 1.25% pensionable salary adjustment.

This agreement is considered part of the tentative agreement for a successor MOA between the parties. This agreement shall become effective only as part of the overall tentative agreement for a successor MOA, when signed by all parties below, ratified by OE#3 and approved by the City Council in open session.

FOR THE CITY:**FOR THE UNION:**

 4/10/2024
 Elsa Cordova Date
 Assistant to the City Manager
 Office of Employee Relations

 4/10/24
 Jeremy Cabacang Date
 OE#3 Business Representative


**2024 CITY OF SAN JOSÉ – OE#3 NEGOTIATIONS
TENTATIVE AGREEMENT**

CITY PROPOSAL TO OE#3 – POPRA PROVISIONS TO DELETE

The City proposes:

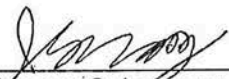
1. Removing any and all references to “Park Rangers” in the Memorandum of Agreement (MOA) between the City and Operating Engineers, Local No. 3 (OE#3).
2. Deleting Section 5.2.3 Safety Equipment in its entirety.

FOR THE CITY:

 2/14/2024

Elsa Cordova Date
Assistant to the City Manager
City of San José

FOR THE UNION:

 2/14/24

Jeremy Cabaccang Date
Business Representative
OE#3

**This agreement is considered tentative and shall not be considered final or binding until a final agreement on all terms has been reached and both ratified by union members and approved by City Council.*