

**SIDE LETTER BETWEEN THE CITY OF SANTA ROSA, TEAMSTERS LOCAL 856
REGARDING THE IMPLEMENTATION OF EQUITY ADJUSTMENTS AND THE
CLASSIFICATION AND COMPENSATION STUDY PROCESS AMENDING MOU ARTICLE 19.2**

Introduction:

The intent and actions of the parties, based upon the current contract language, has been to collaboratively work on the Citywide Classification and Compensation study in order to implement the new structure. The parties have met repeatedly to exchange information on specific classifications, exchanging information regarding the total compensation and the classification specifications.

The parties have agreed upon the methodology of the total compensation survey (including which jurisdictions and compensation categories to be compared) and the compensation philosophy to be used as a guiding principle.

The Union and the City agree to proceed with the same collaborative process until the classification study is fully implemented.

If during the meet and confer process for a specific classification it is determined that the classification level and/or associated compensation were incorrectly identified in the 2024 Gallagher Total Compensation Study, the City will take the new data into consideration when it updates the market survey data for all benchmarks during the next survey data collection process towards the end of 2026, in advance and in preparation for the next round of MOU negotiations.

The current memoranda of understanding (MOUs) for Units 4, 6, and 7 represented by Teamsters Local 856 (Teamsters) includes the following language regarding equity adjustments:

“Effective the pay period following July 1, 2025, the City shall increase the base pay for each classification which has a base wage more than ten percent (10%) below market average using the final data provided by the 2024 Gallagher Total Compensation Study (“Study”), by a percentage sufficient (after application of the 7% GSI in July 2024) to bring the classification’s base wage to ten percent (10%) below market average. However, no classification will receive a market based equity adjustment of more than five percent (5%).

Each non-surveyed classification which is tied to a benchmark classification will receive a base wage increase sufficient to maintain the differential recommended by the Gallagher Study.”

The market-based equity adjustment will be made in the same pay period as the four percent (4%) GSI. Market-based equity adjustments are independent of the GSI and will be implemented in an additive (non-compounded) fashion.”

Furthermore, the following examples demonstrating how the equity adjustments would be applied are provided in some of the MOUs:

“Example A. The 2024 Gallagher Study data shows Classification A to have a base wage of twenty percent (20%) below market average. Effective the pay period following July 1, 2025, Classification A will receive a Market Equity Increase of three percent (3%) (i.e., 20%-7% 10%=3%) plus the four percent (4%) GSI for a total of seven percent (7%)

Example B. The 2024 Gallagher Study data shows Classification B to have a base wage of fifteen percent (15%) below market average. Classification B will not receive a Market Equity

Increase in July 2025 (i.e., 15%-7%-10%<0%).

Example C. The 2024 Gallagher Study data shows Classification C to have a base wage of twenty-seven percent (27%) below market average. Effective the pay period following July 1, 2025, Classification C will receive a Market Equity Increase of five percent (5%) (i.e., 27%-7% 10%=10%) plus the four percent (4%) GSI for a total of nine percent (9%).”

This side letter agreement is to replace the MOU language regarding the implementation of the agreed upon market equity adjustments, effective the pay period following July 1, 2025, but does not change the agreed upon GSI (General Salary Increase) amount or implementation.

Amended Language For Article 19.2 Market Equity Adjustments

The below language supersedes the Article 19.2 in the July 1, 2024 – June 30, 2027 MOU

Equity Adjustments:

Using the final 2024 Gallagher Total Compensation Study data, which was provided by Gallagher in November 2024, and the “crosswalk” showing Gallagher benchmark class concepts and current City job titles to identify eligible classifications based on the market data, all current classifications that, after applying the agreed upon four percent (4%) GSI, continue to have a base wage that is below market average based on top-monthly salary, will be eligible to receive an equity adjustment by a percentage increase up to five percent (5%) without taking any classifications above market. The market-based equity adjustment will be made in the same pay period as the four percent (4%) GSI. Market-based equity adjustments are independent of the GSI and will be implemented in an additive (non-compounded) fashion.

For example:

- Classification A is still ten percent (10%) below market after receiving the four percent (4%) GSI, a five percent (5%) equity adjustment would be applied for a total base wage increase of nine percent (9%).
- Classification B is still four percent (4%) below market after receiving the four percent (4%) GSI, a four percent (4%) equity adjustment would be applied for a total base wage increase of eight percent (8%).
- Classification C is still three percent (3%) below market after receiving the four percent (4%) GSI, a three percent (3%) equity adjustment would be applied for a total base wage increase of seven percent (7%).
- Classification D is currently at market, and not below market after receiving the four percent (4%) GSI, no equity adjustment would be applied.
- Classification E is two percent (2%) above market after receiving the four percent (4%) GSI, no equity adjustment would be applied. Any classifications with salary ranges that are above market after applying the GSI will remain above market and salaries will not be reduced. Further increases may not be granted while the range remains above market, with the exception of the GSI to be implemented the first pay period following July 1, 2026, already agreed upon in the July 1, 2024 – June 30, 2027 MOU.

The City will have its preliminary determinations of which classifications are eligible for equity adjustments to share with the Unions by May 12, 2025, for their review and response, to allow the City’s payroll team adequate time to input the equity adjustments in time for July implementation. The City’s preliminary determinations will include adjustments to both benchmark classifications and non-surveyed classifications and will generally maintain existing differentials between benchmarks and related, non

surveyed classifications. Further information related to addressing pay differentials and compaction is set forth below.

Example regarding the analysis of classifications using Gallagher's data and the classification titles "crosswalk:"

- The City's current Senior Administrative Assistant (SAA) classification concept was used as a benchmark by Gallagher for the salary survey but retitled to Administrative Assistant II (AA II). The market data for AA II shows the classification concept is 13.5% below market. Therefore, the City's current SAA classification would receive a 5% equity adjustment after the 4% GSI is applied ($-13.5 + 4 = -9.5\%$)
 - Administrative Secretary was not surveyed, and while some positions in the classification would be reclassified to the AA II classification based on Gallagher's recommendations, the City would assume the current Administrative Secretary is linked to the current SAA classification; and, therefore, also eligible for the same percentage increase using Gallagher's AA II as the benchmark, which would be applied to all Administrative Secretary positions keeping the current differential in-tact (in this example).

Clarification Regarding Ongoing Work Towards Implementation of the Citywide Classification/Compensation Study Including Differential Adjustments

Classification Study Implementation:

The City is committed to continuing to work on the implementation of the new classification structure by continuing to hold scheduled classification review meetings with employees, their supervisors/managers, and labor representatives as it has been, in order to continue to move the project forward towards full implementation as soon as is practicable. Following implementation of the above equity adjustments, the City has continued scheduling the classification review meetings with the intention of completing initial meetings by the end of February 2026/early March 2026. Simultaneously to continuing conducting the initial review meetings, the City is also committed to following up on classifications that have had their initial meetings facilitated to date. Additionally, the City will also be working with all necessary departments (i.e., IT & Finance) to develop strategic and logistical steps for implementing classifications that have been finalized and that have reached consensus from all stakeholders.

The agreement and intent of the parties has been to accurately establish a classification and compensation system based upon the compensation philosophy, comparator jurisdictions. If there were sufficient time, the parties would have met for each classification to exchange information and implement the full Citywide study; however, it was not practical or realistic to complete and implement the full study within the originally agreed upon timeline due to the nature of classification and compensation work, the variables that impact operations and in turn classifications, and the overall complexity of such work. Therefore, the review meetings will continue from the date of this letter until all of these meetings have been held and the classifications are finalized and ready to be implemented. The City is committed to implementing the classification updates, new classifications, and/or reclassifications upon completion of each meet and confer, on a rolling basis, by putting forward a completed staff report, as they are prepared and ready, in order to implement the changes as timely as possible.

Because the organization is dynamic and change is inevitable, the City has conveyed and continues to reserve its right to continue making changes to the Gallagher recommended classification concepts,

specifications and/or position determinations based on the information that is gathered during the meetings and any operational or budgetary considerations that could impact how work is assigned as it has been doing. The City will continue to share the updated class concepts and plan with labor and impacted employees before finalization. Human Resources will make the final determinations regarding additional changes as further data is collected through the process.

Pay Compression/Compaction and Differentials Between Classifications:

The City is also aware that pay differentials between classifications need to be appropriately maintained, as there are areas where pay compaction/compression is already an issue. The City is committed to developing a plan for how differentials will be addressed during implementation of the new classifications, which will be based on criteria and prioritization that is shared with the Union. It is the City's goal for pay differentials to be based on identifiable criteria and within consistent percentage ranges across the organization. Flexibility of appropriate differential ranges is necessary to ensure internal equity is correctly maintained. The City's ability to make changes to pay ranges will be contingent upon budgetary constraints.

Examples of some typical differentials include:

- 10% between classes in a series, with 5% being the bare minimum differential spread under certain circumstances (see third and fourth bullet below),
- 10-45% between the highest class in a series and the next level supervisor/manager,
- A lead worker who spends the preponderance of their time performing the same work as the journey level in the series, and de minimis time—e.g. 5%, performing lead duties would be appropriately paid at a minimum differential of 5%
- Classifications that are similar in scope and responsibility such as Project Manager and Assistant Engineer, where one classification must have a license, in this example the Assistant Engineer is required to hold the EIT, a 5% differential would be appropriate.)

In some cases, differentials may not be able to be addressed due to the ripple effect changes may have to a significant number of classifications that are connected or that otherwise need to be taken into consideration. In such circumstances, the City and Union will work together to identify a feasible solution that the City can implement.

Classifications that have been identified, at the time of this agreement, as needing salary increases to address pay compression include the following:

- Deputy Director Water Reuse Operations
- Wastewater Treatment Superintendent
- Wastewater Treatment Supervisor
- Senior Wastewater Plant Operator
- Wastewater Operator II
- Supervising Electrical Technician-Water
- Supervising Mechanical Technologist
- Wastewater Reclamation Superintendent
- Utility System Supervisor
- Senior Water System Technician
- Deputy Director Engineering Services

- Chief Building Official
- Supervising Engineer
- Associate Civil Engineer
- Supervising Land Surveyor
- Supervising Traffic Signal Technician
- Senior Traffic Signal Technician
- Deputy Director Development Services
- IT Supervisor
- Administrator-City Attorney Office

Should additional classifications be identified as having pay compression, the City will consider the data and work collaboratively with the union towards a solution. In addition to the above list, the City will evaluate Deputy Director salaries in comparison to each other for appropriateness, as well as the salaries of Police civilian positions as compared to the positions they supervise to determine if further changes are needed.

Timeline:

The City is committed to moving the process forward and continuing to address classification changes and pay rate corrections as appropriate and as feasible within the City's budgetary constraints.

Siara Goyer

Siara Goyer (Jul 16, 2025 13:41 PDT)

For the City of Santa Rosa

G. Y.

Golbou Ghassemieh (Jul 16, 2025 13:42 PDT)

For the City of Santa Rosa

Matthew J Finnegan

Matthew J Finnegan (Jul 18, 2025 09:55 PDT)

Matt Finnegan, Attorney

R. Maddock

Robert Maddock, Attorney

A. Brady

For Units 4, 6, & 7 - Teamsters

Steve Brady

Steve Brady (Aug 5, 2025 13:11:44 PDT)

For Units 4, 6, & 7 - Teamsters

Catherine Noceti

Catherine Noceti (Jul 16, 2025 15:45 PDT)

For Units 4, 6, & 7 - Teamsters

jeff bittner

jeff bittner (Jul 16, 2025 15:38 PDT)

For Units 4, 6, & 7 - Teamsters

07/16/2025

Dated

07/16/2025

Dated

07/18/2025

Dated

07/16/2025

Dated

07/22/2025

Dated

08/05/2025

Dated

07/16/2025

Dated

07/16/2025

Dated

Larsidy GA

For Units 4, 6, & 7 - Teamsters

MLindroos
MLindroos (Jul 18, 2025 06:23 PDT)

For Units 4, 6, & 7 - Teamsters

For Units 4, 6, & 7 - Teamsters

Kyle J Komadina
Kyle J Komadina (Aug 5, 2025 13:33:31 PDT)

For Units 4, 6, & 7 - Teamsters

Sasha Brown

For Units 4, 6, & 7 - Teamsters

Miles Burgin
Miles Burgin (Jul 16, 2025 14:57 PDT)

For Units 4, 6, & 7 - Teamsters

Juan Flores
Juan Flores (Jul 16, 2025 15:21 PDT)

For Units 4, 6, & 7 - Teamsters

Mark Maria
Mark Maria (Aug 11, 2025 11:42:02 PDT)

For Units 4, 6, & 7 - Teamsters

Kyle

For Units 4, 6, & 7 - Teamsters

Kristinae Toomians
Kristinae Toomians (Jul 16, 2025 14:02 PDT)

For Units 4, 6, & 7 - Teamsters

Signature: *Jennifer Bell*
Jennifer Bell (Jul 24, 2025 12:37:49 PDT)

Email: jbell@srcity.org

07/16/2025

Dated

07/18/2025

Dated

07/24/2025

Dated

08/05/2025

Dated

07/17/2025

Dated

07/16/2025

Dated

07/16/2025

Dated

08/11/2025

Dated

08/13/2025

Dated

07/16/2025

Dated

**SIDE LETTER BETWEEN THE CITY OF SANTA ROSA, TEAMSTERS LOCAL 856
REGARDING THE IMPLEMENTATION OF EQUITY ADJUSTMENTS AND THE
CLASSIFICATION AND COMPENSATION STUDY PROCESS AMENDING UNIT 17 MOU ARTICLE 50.2.1**

Introduction:

The intent and actions of the parties, based upon the current contract language, has been to collaboratively work on the Citywide Classification and Compensation study in order to implement the new structure. The parties have met repeatedly to exchange information on specific classifications, exchanging information regarding the total compensation and the classification specifications.

The parties have agreed upon the methodology of the total compensation survey (including which jurisdictions and compensation categories to be compared) and the compensation philosophy to be used as a guiding principle.

The Union and the City agree to proceed with the same collaborative process until the classification study is fully implemented.

If during the meet and confer process for a specific classification it is determined that the classification level and/or associated compensation were incorrectly identified in the 2024 Gallagher Total Compensation Study, the City will take the new data into consideration when it updates the market survey data for all benchmarks during the next survey data collection process towards the end of 2026, in advance and in preparation for the next round of MOU negotiations.

The current memoranda of understanding (MOUs) for Unit 17, represented by Teamsters Local 856 (Teamsters) includes the following language regarding equity adjustments:

“Effective the pay period following July 1, 2025, the City shall increase the base pay for each classification which has a base wage more than ten percent (10%) below market average using the final data provided by the 2024 Gallagher Total Compensation Study (“Study”), by a percentage sufficient (after application of the 7% GSI in July 2024) to bring the classification’s base wage to ten percent (10%) below market average. However, no classification will receive a market based equity adjustment of more than five percent (5%).

Each non-surveyed classification which is tied to a benchmark classification will receive a base wage increase sufficient to maintain the differential recommended by the Gallagher Study.”

The market-based equity adjustment will be made in the same pay period as the four percent (4%) GSI. Market-based equity adjustments are independent of the GSI and will be implemented in an additive (non-compounded) fashion.”

Furthermore, the following examples demonstrating how the equity adjustments would be applied are provided in some of the MOUs:

“Example A. The 2024 Gallagher Study data shows Classification A to have a base wage of twenty percent (20%) below market average. Effective the pay period following July 1, 2025, Classification A will receive a Market Equity Increase of three percent (3%) (i.e., 20%-7% 10%=3%) plus the four percent (4%) GSI for a total of seven percent (7%)

Example B. The 2024 Gallagher Study data shows Classification B to have a base wage of fifteen percent (15%) below market average. Classification B will not receive a Market Equity

Increase in July 2025 (i.e., 15%-7%-10%<0%).

Example C. The 2024 Gallagher Study data shows Classification C to have a base wage of twenty-seven percent (27%) below market average. Effective the pay period following July 1, 2025, Classification C will receive a Market Equity Increase of five percent (5%) (i.e., 27%-7% 10%=10%) plus the four percent (4%) GSI for a total of nine percent (9%)."

This side letter agreement is to replace the MOU language regarding the implementation of the agreed upon market equity adjustments, effective the pay period following July 1, 2025, but does not change the agreed upon GSI (General Salary Increase) amount or implementation.

Amended Language For Article 53.2.1 Market Equity Adjustments

The below language supersedes the Article 53.2.1 in the July 1, 2024 – June 30, 2027 MOU

Equity Adjustments:

Using the final 2024 Gallagher Total Compensation Study data, which was provided by Gallagher in November 2024, and the "crosswalk" showing Gallagher benchmark class concepts and current City job titles to identify eligible classifications based on the market data, all current classifications that, after applying the agreed upon four percent (4%) GSI, continue to have a base wage that is below market average based on top-monthly salary, will be eligible to receive an equity adjustment by a percentage increase up to five percent (5%) without taking any classifications above market. The market-based equity adjustment will be made in the same pay period as the four percent (4%) GSI. Market-based equity adjustments are independent of the GSI and will be implemented in an additive (non-compounded) fashion.

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The City will have its preliminary determinations of which classifications are eligible for equity adjustments to share with the Unions by May 12, 2025, for their review and response, to allow the City's payroll team adequate time to input the equity adjustments in time for July implementation. The City's preliminary determinations will include adjustments to both benchmark classifications and non-surveyed classifications and will generally maintain existing differentials between benchmarks and related, non

surveyed classifications. Further information related to addressing pay differentials and compaction is set forth below.

Example regarding the analysis of classifications using Gallagher's data and the classification titles "crosswalk:"

- The City's current Senior Administrative Assistant (SAA) classification concept was used as a benchmark by Gallagher for the salary survey but retitled to Administrative Assistant II (AA II). The market data for AA II shows the classification concept is 13.5% below market. Therefore, the City's current SAA classification would receive a 5% equity adjustment after the 4% GSI is applied ($-13.5 + 4 = -9.5\%$)
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Clarification Regarding Ongoing Work Towards Implementation of the Citywide Classification/Compensation Study Including Differential Adjustments

Classification Study Implementation:

The City is committed to continuing to work on the implementation of the new classification structure by continuing to hold scheduled classification review meetings with employees, their supervisors/managers, and labor representatives as it has been, in order to continue to move the project forward towards full implementation as soon as is practicable. Following implementation of the above equity adjustments, the City has continued scheduling the classification review meetings with the intention of completing initial meetings by the end of February 2026/early March 2026. Simultaneously to continuing conducting the initial review meetings, the City is also committed to following up on classifications that have had their initial meetings facilitated to date. Additionally, the City will also be working with all necessary departments (i.e., IT & Finance) to develop strategic and logistical steps for implementing classifications that have been finalized and that have reached consensus from all stakeholders.

The agreement and intent of the parties has been to accurately establish a classification and compensation system based upon the compensation philosophy, comparator jurisdictions. If there were sufficient time, the parties would have met for each classification to exchange information and implement the full Citywide study; however, it was not practical or realistic to complete and implement the full study within the originally agreed upon timeline due to the nature of classification and compensation work, the variables that impact operations and in turn classifications, and the overall complexity of such work. Therefore, the review meetings will continue from the date of this letter until all of these meetings have been held and the classifications are finalized and ready to be implemented. The City is committed to implementing the classification updates, new classifications, and/or reclassifications upon completion of each meet and confer, on a rolling basis, by putting forward a completed staff report, as they are prepared and ready, in order to implement the changes as timely as possible.

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specifications and/or position determinations based on the information that is gathered during the meetings and any operational or budgetary considerations that could impact how work is assigned as it has been doing. The City will continue to share the updated class concepts and plan with labor and impacted employees before finalization. Human Resources will make the final determinations regarding additional changes as further data is collected through the process.

Pay Compression/Compaction and Differentials Between Classifications:

The City is also aware that pay differentials between classifications need to be appropriately maintained, as there are areas where pay compaction/compression is already an issue. The City is committed to developing a plan for how differentials will be addressed during implementation of the new classifications, which will be based on criteria and prioritization that is shared with the Union. It is the City's goal for pay differentials to be based on identifiable criteria and within consistent percentage ranges across the organization. Flexibility of appropriate differential ranges is necessary to ensure internal equity is correctly maintained. The City's ability to make changes to pay ranges will be contingent upon budgetary constraints.

Examples of some typical differentials include:

- 10% between classes in a series, with 5% being the bare minimum differential spread under certain circumstances (see third and fourth bullet below),
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- A lead worker who spends the preponderance of their time performing the same work as the journey level in the series, and de minimis time—e.g. 5%, performing lead duties would be appropriately paid at a minimum differential of 5%
- Classifications that are similar in scope and responsibility such as Project Manager and Assistant Engineer, where one classification must have a license, in this example the Assistant Engineer is required to hold the EIT, a 5% differential would be appropriate.)

In some cases, differentials may not be able to be addressed due to the ripple effect changes may have to a significant number of classifications that are connected or that otherwise need to be taken into consideration. In such circumstances, the City and Union will work together to identify a feasible solution that the City can implement.

Classifications that have been identified, at the time of this agreement, as needing salary increases to address pay compression include the following:

- Deputy Director Water Reuse Operations
- Wastewater Treatment Superintendent
- Wastewater Treatment Supervisor
- Senior Wastewater Plant Operator
- Wastewater Operator II
- Supervising Electrical Technician-Water
- Supervising Mechanical Technologist
- Wastewater Reclamation Superintendent
- Utility System Supervisor
- Senior Water System Technician
- Deputy Director Engineering Services

- Chief Building Official
- Supervising Engineer
- Associate Civil Engineer
- Supervising Land Surveyor
- Supervising Traffic Signal Technician
- Senior Traffic Signal Technician
- Deputy Director Development Services
- IT Supervisor
- Administrator-City Attorney Office

Should additional classifications be identified as having pay compression, the City will consider the data and work collaboratively with the union towards a solution. In addition to the above list, the City will evaluate Deputy Director salaries in comparison to each other for appropriateness, as well as the salaries of Police civilian positions as compared to the positions they supervise to determine if further changes are needed.

Timeline:

The City is committed to moving the process forward and continuing to address classification changes and pay rate corrections as appropriate and as feasible within the City's budgetary constraints.

Siara Goyer
Siara Goyer (Jul 16, 2025 13:08 PDT)

For the City of Santa Rosa

G. Y.
Golbou Ghassemieh (Jul 16, 2025 13:17 PDT)

For the City of Santa Rosa

Matthew J Finnegan
Matthew J Finnegan (Jul 18, 2025 09:54 PDT)

Matt Finnegan, Attorney

Robert Maddock

Robert Maddock, Attorney

Adam Abet
Adam Abet (Jul 17, 2025 15:47 PDT)

For Unit 17 - Teamsters

Kelly Leonhardt

For Unit 17 - Teamsters

07/16/2025

Dated

07/16/2025

Dated

07/18/2025

Dated

07/16/2025

Dated

07/17/2025

Dated

07/17/2025

Dated

**SIDE LETTER BETWEEN THE CITY OF SANTA ROSA, TEAMSTERS LOCAL 856
REGARDING THE IMPLEMENTATION OF EQUITY ADJUSTMENTS AND THE
CLASSIFICATION AND COMPENSATION STUDY PROCESS AMENDING UNIT 18 MOU ARTICLE 53.2.1**

Introduction:

The intent and actions of the parties, based upon the current contract language, has been to collaboratively work on the Citywide Classification and Compensation study in order to implement the new structure. The parties have met repeatedly to exchange information on specific classifications, exchanging information regarding the total compensation and the classification specifications.

The parties have agreed upon the methodology of the total compensation survey (including which jurisdictions and compensation categories to be compared) and the compensation philosophy to be used as a guiding principle.

The Union and the City agree to proceed with the same collaborative process until the classification study is fully implemented.

If during the meet and confer process for a specific classification it is determined that the classification level and/or associated compensation were incorrectly identified in the 2024 Gallagher Total Compensation Study, the City will take the new data into consideration and will reevaluate the classification(s) when it updates the market survey data for all benchmarks during the next survey data collection process towards the end of 2026, in advance and in preparation for the next round of MOU negotiations.

The current memoranda of understanding (MOUs) for Unit 18, represented by Teamsters Local 856 (Teamsters) includes the following language regarding equity adjustments:

“Effective the pay period following July 1, 2025, the City shall increase the base pay for each classification which has a base wage more than ten percent (10%) below market average using the final data provided by the 2024 Gallagher Total Compensation Study (“Study”), by a percentage sufficient (after application of the 7% GSI in July 2024) to bring the classification’s base wage to ten percent (10%) below market average. However, no classification will receive a market based equity adjustment of more than five percent (5%).

Each non-surveyed classification which is tied to a benchmark classification will receive a base wage increase sufficient to maintain the differential recommended by the Gallagher Study.”

The market-based equity adjustment will be made in the same pay period as the four percent (4%) GSI. Market-based equity adjustments are independent of the GSI and will be implemented in an additive (non-compounded) fashion.”

Furthermore, the following examples demonstrating how the equity adjustments would be applied are provided in some of the MOUs:

“Example A. The 2024 Gallagher Study data shows Classification A to have a base wage of twenty percent (20%) below market average. Effective the pay period following July 1, 2025, Classification A will receive a Market Equity Increase of three percent (3%) (i.e., 20%-7% 10%=3%) plus the four percent (4%) GSI for a total of seven percent (7%)

Example B. The 2024 Gallagher Study data shows Classification B to have a base wage of

fifteen percent (15%) below market average. Classification B will not receive a Market Equity Increase in July 2025 (i.e., 15%-7%-10%<0%).

Example C. The 2024 Gallagher Study data shows Classification C to have a base wage of twenty-seven percent (27%) below market average. Effective the pay period following July 1, 2025, Classification C will receive a Market Equity Increase of five percent (5%) (i.e., 27%-7% 10%=10%) plus the four percent (4%) GSI for a total of nine percent (9%)."

This side letter agreement is to replace the MOU language regarding the implementation of the agreed upon market equity adjustments, effective the pay period following July 1, 2025, but does not change the agreed upon GSI (General Salary Increase) amount or implementation.

Amended Language For Article 53.2.1 Market Equity Adjustments

The below language supersedes the Article 53.2.1 in the July 1, 2024 – June 30, 2027 MOU

Equity Adjustments:

Using the final 2024 Gallagher Total Compensation Study data, which was provided by Gallagher in November 2024, and the "crosswalk" showing Gallagher benchmark class concepts and current City job titles to identify eligible classifications based on the market data, all current classifications that, after applying the agreed upon four percent (4%) GSI, continue to have a base wage that is below market average based on top-monthly salary, will be eligible to receive an equity adjustment by a percentage increase up to five percent (5%) without taking any classifications above market. The market-based equity adjustment will be made in the same pay period as the four percent (4%) GSI. Market-based equity adjustments are independent of the GSI and will be implemented in an additive (non-compounded) fashion.

For example:

- Classification A is still ten percent (10%) below market after receiving the four percent (4%) GSI, a five percent (5%) equity adjustment would be applied for a total base wage increase of nine percent (9%).
- Classification B is still four percent (4%) below market after receiving the four percent (4%) GSI, a four percent (4%) equity adjustment would be applied for a total base wage increase of eight percent (8%).
- Classification C is still three percent (3%) below market after receiving the four percent (4%) GSI, a three percent (3%) equity adjustment would be applied for a total base wage increase of seven percent (7%).
- Classification D is currently at market, and not below market after receiving the four percent (4%) GSI, no equity adjustment would be applied.
- Classification E is two percent (2%) above market after receiving the four percent (4%) GSI, no equity adjustment would be applied. Any classifications with salary ranges that are above market after applying the GSI will remain above market and salaries will not be reduced. Further increases may not be granted while the range remains above market, with the exception of the GSI to be implemented the first pay period following July 1, 2026, already agreed upon in the July 1, 2024 – June 30, 2027 MOU.

The City will have its preliminary determinations of which classifications are eligible for equity adjustments to share with the Unions by May 12, 2025, for their review and response, to allow the City's payroll team adequate time to input the equity adjustments in time for July implementation. The City's preliminary determinations will include adjustments to both benchmark classifications and non-surveyed

classifications and will generally maintain existing differentials between benchmarks and related, non surveyed classifications. Further information related to addressing pay differentials and compaction is set forth below.

Example regarding the analysis of classifications using Gallagher's data and the classification titles "crosswalk:"

- The City's current Senior Administrative Assistant (SAA) classification concept was used as a benchmark by Gallagher for the salary survey but retitled to Administrative Assistant II (AA II). The market data for AA II shows the classification concept is 13.5% below market. Therefore, the City's current SAA classification would receive a 5% equity adjustment after the 4% GSI is applied ($-13.5 + 4 = -9.5\%$)
 - Administrative Secretary was not surveyed, and while some positions in the classification would be reclassified to the AA II classification based on Gallagher's recommendations, the City would assume the current Administrative Secretary is linked to the current SAA classification; and, therefore, also eligible for the same percentage increase using Gallagher's AA II as the benchmark, which would be applied to all Administrative Secretary positions keeping the current differential in-tact (in this example).

Clarification Regarding Ongoing Work Towards Implementation of the Citywide Classification/Compensation Study Including Differential Adjustments

Classification Study Implementation:

The City is committed to continuing to work on the implementation of the new classification structure by continuing to hold scheduled classification review meetings with employees, their supervisors/managers, and labor representatives as it has been, in order to continue to move the project forward towards full implementation as soon as is practicable. Following implementation of the above equity adjustments, the City has continued scheduling the classification review meetings with the intention of completing initial meetings by the end of February 2026/early March 2026. Simultaneously to continuing conducting the initial review meetings, the City is also committed to following up on classifications that have had their initial meetings facilitated to date. Additionally, the City will also be working with all necessary departments (i.e., IT & Finance) to develop strategic and logistical steps for implementing classifications that have been finalized and that have reached consensus from all stakeholders.

The agreement and intent of the parties has been to accurately establish a classification and compensation system based upon the compensation philosophy, comparator jurisdictions. If there were sufficient time, the parties would have met for each classification to exchange information and implement the full Citywide study; however, it was not practical or realistic to complete and implement the full study within the originally agreed upon timeline due to the nature of classification and compensation work, the variables that impact operations and in turn classifications, and the overall complexity of such work. Therefore, the review meetings will continue from the date of this letter until all of these meetings have been held and the classifications are finalized and ready to be implemented. The City is committed to implementing the classification updates, new classifications, and/or reclassifications upon completion of each meet and confer, on a rolling basis, by putting forward a completed staff report, as they are prepared and ready, in order to implement the changes as timely as possible.

Because the organization is dynamic and change is inevitable, the City has conveyed and continues to

reserve its right to continue making changes to the Gallagher recommended classification concepts, specifications and/or position determinations based on the information that is gathered during the meetings and any operational or budgetary considerations that could impact how work is assigned as it has been doing. The City will continue to share the updated class concepts and plan with labor and impacted employees before finalization. Human Resources will make the final determinations regarding additional changes as further data is collected through the process.

Pay Compression/Compaction and Differentials Between Classifications:

The City is also aware that pay differentials between classifications need to be appropriately maintained, as there are areas where pay compaction/compression is already an issue. The City is committed to developing a plan for how differentials will be addressed during implementation of the new classifications, which will be based on criteria and prioritization that is shared with the Union. It is the City's goal for pay differentials to be based on identifiable criteria and within consistent percentage ranges across the organization. Flexibility of appropriate differential ranges is necessary to ensure internal equity is correctly maintained. The City's ability to make changes to pay ranges will be contingent upon budgetary constraints.

Examples of some typical differentials include:

- 10% between classes in a series, with 5% being the bare minimum differential spread under certain circumstances (see third and fourth bullet below),
- 10-45% between the highest class in a series and the next level supervisor/manager,
- A lead worker who spends the preponderance of their time performing the same work as the journey level in the series, and de minimis time—e.g. 5%, performing lead duties would be appropriately paid at a minimum differential of 5%
- Classifications that are similar in scope and responsibility such as Project Manager and Assistant Engineer, where one classification must have a license, in this example the Assistant Engineer is required to hold the EIT, a 5% differential would be appropriate.)

In some cases, differentials may not be able to be addressed due to the ripple effect changes may have to a significant number of classifications that are connected or that otherwise need to be taken into consideration. In such circumstances, the City and Union will work together to identify a feasible solution that the City can implement.

Classifications that have been identified, at the time of this agreement, as needing salary increases to address pay compression include the following:

- Deputy Director Water Reuse Operations
- Wastewater Treatment Superintendent
- Wastewater Treatment Supervisor
- Senior Wastewater Plant Operator
- Wastewater Operator II
- Supervising Electrical Technician-Water
- Supervising Mechanical Technologist
- Wastewater Reclamation Superintendent
- Utility System Supervisor
- Senior Water System Technician

- Deputy Director Engineering Services
- Deputy Director Engineering Resources
- Chief Building Official
- Supervising Engineer
- Associate Civil Engineer
- Supervising Land Surveyor
- Supervising Traffic Signal Technician
- Senior Traffic Signal Technician
- Deputy Director Development Services
- IT Supervisor
- Administrator-City Attorney Office

Should additional classifications be identified as having pay compression, the City will consider the data and work collaboratively with the union towards a solution. In addition to the above list, the City will evaluate Deputy Director salaries in comparison to each other for appropriateness, as well as the salaries of Police civilian positions as compared to the positions they supervise to determine if further changes are needed.

Timeline:

The City is committed to moving the process forward and continuing to address classification changes and pay rate corrections as appropriate and as feasible within the City's budgetary constraints.

Siara Goyer

Siara Goyer (Jun 25, 2025 14:11 PDT)

For the City of Santa Rosa

06/25/2025

Dated

Matthew J Finnegan

Matthew J Finnegan (Jun 25, 2025 07:50 PDT)

Matt Finnegan, Attorney

06/25/2025

Dated

Robert Maddock

Robert Maddock, Attorney

06/24/2025

Dated

Serena Lienau

Serena Lienau (Jun 24, 2025 12:52 PDT)

For Unit 18 - Teamsters

06/24/2025

Dated

Mikaela Kreps

Mikaela Kreps (Jun 24, 2025 15:22 PDT)

For Unit 18 - Teamsters

06/24/2025

Dated

Sean L. Wall

Sean L. Wall (Jun 24, 2025 13:17 PDT)

For Unit 18 - Teamsters

06/24/2025

Dated

Danielle Ronsboisen

Danielle Ronsboisen (Jun 24, 2025 13:37 PDT)

For Unit 18 - Teamsters

06/24/2025

Dated

Nancy

For Unit 18 - Teamsters

06/24/2025

Dated

Lori Urbanek
Lori Urbanek (Jun 24, 2025 16:07 PDT)

For Unit 18 - Teamsters

Sara E. Roberts
Sara E. Roberts (Jun 24, 2025 13:07 PDT)

For Unit 18 - Teamsters

Kevin Buchanan
Kevin Buchanan (Jun 24, 2025 14:45 PDT)

For Unit 18 - Teamsters

06/24/2025

Dated

06/24/2025

Dated

06/24/2025

Dated