



STAFF REPORT

City Council

Meeting Date: 2/9/2016
Staff Report Number: 16-020-CC

Regular Business: Receive a report and hear public comment on upcoming negotiations with the Menlo Park Police Sergeants Association (PSA) on a successor agreement to the agreement expiring June 30, 2016

Recommendation

Receive a report from staff and hear public comment on upcoming negotiations with the Menlo Park Police Sergeants Association (PSA) on a successor agreement to the agreement expiring June 30, 2016.

Policy Issues

This report is prepared in accordance with City Council Procedure CC-11-0001, Public Input and Outreach regarding Labor Negotiations.

Background

The City and the Menlo Park Police Sergeants Association (PSA) entered into the current Memorandum of Understanding (MOU or agreement) on May 20, 2015. The agreement expires on June 30, 2016 and, pursuant to best labor-management practices, it is time to open negotiations on a successor agreement. The PSA is comprised of 8.0 full-time-equivalent (FTE) employees, all at the rank of Sergeant, who provide the primary middle management function in the Police Department.

Analysis

This report is submitted to the City Council, members of the PSA, and members of the public in order to provide relevant information on the PSA's salaries and benefits in preparation for the upcoming negotiation of a successor labor agreement or Memorandum of Understanding (MOU), between the PSA and the City. This information is provided to all interested parties 15 days in advance of the City Council's meeting on February 9, 2016 at which time the public will have an opportunity to provide comment on this matter in accordance with City Council Policy and Procedure #CC-11-0001 (Attachment A).

Guiding Principles - As in prior years, the principles that are used to determine the City's bargaining principles will assist with aligning the bargaining efforts with the service and financial priorities established by both the City Council and the community. The following principles will be considered in preparation for and throughout labor negotiations with the PSA on a successor agreement:

- *Service to the Community* – Negotiations shall strive to achieve an agreement that maintains and enhances services to the community provided by the members of the PSA in their role as middle managers in the Police Department and in concert with City Council adopted policies and goals.
- *Fiscal Sustainability* – Negotiations shall strive to achieve a successor agreement that achieves continued fiscal sustainability in accordance with the City's 10-year financial forecast for the General Fund;
- *Recruitment & Retention* – Negotiations shall strive to develop terms that are beneficial to the recruitment and retention of high quality employees.

Compensation - Total compensation for the PSA in calendar year 2015 equaled \$1,890,970, or roughly 14% of the police department's personnel budget for fiscal year 2015-16. The primary components of compensation are:

- **Salary** - Total base salary for the PSA bargaining unit was \$1,051,622 in calendar year 2015. On top of base salary, the unit incurred \$143,612 in overtime costs due to holidays, special assignments, and backfill for absences related to paid time off and time off for work related injuries. The unit also incurred \$189,599 in special compensation resulting from negotiated contract terms with the largest being Peace Officer Standards and Training (POST) intermediate/advance certificate pay, \$90,543, and longevity pay, \$48,966. As result of regulations governing salary that is eligible for pension benefits, the total salary that is subject to pension costs equaled \$1,236,320 in 2015. Therefore a 1% increase in base compensation results in a total of \$12,363.
- **Pension** – In calendar year 2015, the City's contributions to the pension system totaled \$318,959, net of employee contribution to the employer's share of the pension costs. Several years ago, the City and employees agreed to share a portion of the required employer pension costs. For the PSA, members pay an additional 3% above the mandatory employee contribution of 9%. While the City currently has three tiers for pension benefits, all eight of the current PSA members receive the "3.0% at 50" benefit formula. The cost of this benefit to the City is 27.849% less 3.0% for a net contribution of rate of 24.849% of eligible payroll or \$318,959.
- **Incentives, Allowances, and Other benefits** – The current agreement between the City and PSA provides of a number of other benefit totaling \$376,777. The single largest benefit in this grouping is the City's contribution to the Cafeteria Plan. Most employees utilize the cafeteria plan to purchase medical insurance. In 2016, the City's total contributions to this benefit is projected to be \$141,043.

PSA Contract Compensation Item	Total Annualized Cost
Salary (Sec. 2.1 & 2.4)	1,195,234
Incentives & Allowances (Sec. 2.3 - 2.15)	189,599
CalPERS Pension (Sec. 8.1)	318,959
2016 Cafeteria Plan (Sec. 6.1)	141,043
Dental (Sec. 6.3)	18,387
Vision	4,239
Other fringe benefits	23,509
TOTAL	1,890,970

Salary Survey – The City recently completed a salary survey (Attachment B) for the rank of Sergeant and the results place Menlo Park’s total compensation package at 12.85% above the median for surveyed agencies excluding Menlo Park. The City retained Public Management Group/ Renee Sloan Holtzman Sakai, LLP, to conduct a compensation survey of twelve neighboring agencies with City-operated public safety departments. Those agencies are: Atherton, Belmont, Burlingame, Campbell, East Palo Alto, Foster City, Los Altos, Los Gatos, Pacifica, Palo Alto, Redwood City, and San Bruno. In the past the City included agencies like San Carlos and Millbrae in the survey but both agencies have outsourced their law enforcement function to the San Mateo County Sheriff’s Office.

The survey factored in the most significant compensation factors that are included in the current PSA MOU. These items include: maximum salary, intermediate and advance Peace Officer Standards and Training (POST) certification incentives, longevity pay, and insurance benefits. The survey also factored in the amount of employee paid CalPERS contribution on behalf of the employer.

It is critical to consider that salary surveys are as of a point in time and generally reflect publicly available data for agencies. The survey notes several factors that could influence the outcome of the survey such as Palo Alto and Redwood City have expired contracts.

Fiscal Year 2015-16 Labor Negotiations

The City anticipates beginning negotiations over a successor agreement with the Menlo Park Police Sergeants’ Association (PSA) subsequent to the completion of this period for public input provided to the City Council regarding labor negotiations.

Impact on City Resources

There are no impacts on City resources as a result of receiving input on this issue. It is anticipated that the City Council will meet in closed session to provide direction to the City’s negotiating team, Legal Counsel

from Renee Sloan Holtzman Sakai, LLP and City staff. The negotiators will meet and confer with the PSA negotiation team and once tentative agreement is reached on a successor agreement, the fiscal impact of that tentative agreement will be released 15 days prior to the City Council's vote to ratify the successor agreement at a public meeting.

Environmental Review

No environmental review is required for this item.

Public Notice

Public Notification was achieved by posting the report 15 days prior to the City Council meeting of February 9, 2016.

Attachments

- A. Public Input and Outreach regarding Labor Negotiations
- B. Sergeant salary survey prepared by Public Management Group for the City of Menlo Park dated January 22, 2016

Report prepared by:
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City of Menlo Park

City Council Policy

Department City Council	Page 1 of 1	Effective Date 03/02/2011
Subject Public Input and Outreach regarding Labor Negotiations	Approved by City Council 03/01/2011	Procedure # CC-11-0001

PURPOSE

To incorporate public input into the labor negotiations process.

BACKGROUND

The City Council has expressed a desire to improve public communication and outreach on labor relations to the extent reasonably possible.

POLICY

A regular business item shall be placed on a Council agenda in advance of formal labor negotiations that includes an opportunity for the public to comment. At least seven days prior to this meeting, staff shall post a report that contains relevant information on employee salaries and benefits, as well as the methodology used to determine a competitive and appropriate compensation package. As part of this process, a concerted effort shall be made to request public comment on the negotiations parameters.

As a general rule, staff shall engage the services of a labor attorney to participate in formal labor negotiations with bargaining units representing permanent employees.

During labor negotiations, public comment will be provided prior to the entry into closed session to discuss labor negotiations, in accordance with State law. At the conclusion of the closed session, the Council shall report out any action taken, including in the record the individual votes taken and the characterization of the deliberations. In addition, at some point in the negotiations process, staff shall submit a public report to Council that provides a general status of labor negotiations and that allows for public input prior to concluding negotiations.

Staff shall prepare and make public a staff report, at least fifteen calendar days prior to Council consideration of a tentative agreement or implementation resolution for any bargaining unit, that provides full details and costing associated with the recommended action, shall schedule the matter as a regular business item and shall provide an opportunity for the public to comment.

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Client => **Menlo Park**

Summary Sheet

1/25/2016

Menlo Park Variance from the Median

Job Title	Top Step Base Wage	Wages + EPMC	Total Compensation
Police Sergeant	3.13%	12.42%	12.85%

Menlo Park Variance from the Average

Job Title	Top Step Base Wage	Wages + EPMC	Total Compensation
Police Sergeant	3.75%	11.13%	12.08%

Menlo Park
Title: Police Sergeant
Analysis Date: 6/30/2016

Survey Agency	Comparable Classification	Top Step Base	POST Pay	Holiday Pay	Uniform Allowance	Longevity (20 YOS)	EPMC		Wages + EPMC	Insurance Benefits				Total Comp	Rank
							(%)	(\$)		Medical	Dental	Vision	Benefits Total		
Atherton	Police Sergeant	\$10,666	\$800	\$0	\$75	\$0	0.0%	\$0	\$11,541	\$1,863	\$147	\$27	\$2,037	\$13,577	9
Belmont	Police Sergeant	\$10,594	\$530	\$543	\$75	\$0	-4.0%	-\$470	\$11,272	\$1,941	\$192	\$19	\$2,151	\$13,424	11
Burlingame	Police Sergeant	\$10,192	\$885	\$596	\$88	\$0	-2.0%	-\$235	\$11,527	\$1,941	\$100	\$26	\$2,067	\$13,593	8
Campbell	Police Sergeant	\$11,410	\$856	\$616	\$92	\$0	0.0%	\$0	\$12,974	\$1,200	\$159	\$27	\$1,386	\$14,359	4
East Palo Alto	Police Sergeant	\$9,169	\$688	\$202	\$100	\$458	0.0%	\$0	\$10,617	\$2,292	\$79	\$0	\$2,371	\$12,988	13
Foster City	Police Sergeant	\$10,650	\$500	\$575	\$85	\$0	0.0%	\$0	\$11,810	\$1,733	\$0	\$0	\$1,733	\$13,543	10
Los Altos	Police Sergeant	\$10,290	\$1,029	\$515	\$0	\$0	0.0%	\$0	\$11,834	\$1,891	\$227	\$0	\$2,118	\$13,952	7
Los Gatos	Police Sergeant	\$11,515	\$864	\$443	\$50	\$0	0.0%	\$0	\$12,871	\$1,821	\$140	\$11	\$1,972	\$14,843	2
Pacifica	Police Sergeant	\$9,856	\$925	\$493	\$67	\$394	-4.0%	-\$469	\$11,265	\$1,890	\$119	\$48	\$2,057	\$13,322	12
Palo Alto	Police Sergeant	\$9,826	\$749	\$425	\$0	\$590	0.0%	\$0	\$11,590	\$2,378	\$211	\$16	\$2,604	\$14,194	5
Redwood City	Police Sergeant - Level 2	\$11,805	\$0	\$795	\$0	\$885	-7.0%	-\$944	\$12,541	\$1,747	\$132	\$14	\$1,892	\$14,433	3
San Bruno	Police Sergeant	\$10,734	\$912	\$468	\$79	\$0	0.0%	\$0	\$12,194	\$1,985	\$0	\$0	\$1,985	\$14,179	6
Menlo Park	Police Sergeant	\$10,954	\$1,095	\$548	\$87	\$876	-3.0%	-\$407	\$13,154	\$2,086	\$268	\$35	\$2,389	\$15,542	1
Median (Excluding Menlo Park)		\$10,622							\$11,700					\$13,772	
Variance from Median		3.13%							12.42%					12.85%	
Average (Excluding Menlo Park)		\$10,559							\$11,836					\$13,867	
Variance From Average		3.75%							11.13%					12.08%	

Notes:

Los Gatos: Police Sergeants hired after March 1, 2015, have maximum monthly base salary of \$10,966.80 (table shows salary for pre-March 1, 2015 hire).

Pacifica: Wages shown for employee hired after July 1, 2010.

Palo Alto: MOU expired 6/30/2014.

Redwood City: MOU expired August 31, 2015. The rank of *Police Sergeant - Level 1* has a top step monthly base rate of \$13,916.