



REGULAR MEETING AGENDA

Date: 11/14/2023
Time: 6:00 p.m.
Location: [Zoom.us/join](https://zoom.us/join) – ID# 814 7839 7160
City Council Chambers
751 Laurel St., Menlo Park, CA 94025

EARLY STAFF REPORT RELEASE NOTICE

Pursuant to the requirements of City Council Procedure #CC-11-0001, the following staff report is being released 15-days in advance of the City Council meeting:

Adopt a resolution to ratify the successor agreement between the City of Menlo Park and the American Federation of State, County and Municipal Employees, Local 829 expiring June 30, 2026
([Staff Report #23-243-CC](#))

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STAFF REPORT

City Council

Meeting Date:

11/14/2023

Staff Report Number:

23-243-CC

Regular Business:

Adopt a resolution to ratify the successor agreement between the City of Menlo Park and the American Federation of State, County and Municipal Employees, Local 829 expiring June 30, 2026

Recommendation

Adopt a resolution to ratify the successor agreement between the City of Menlo Park and the American Federation of State, County & Municipal Employees, Local 829 (AFSCME) expiring June 30, 2026, and appropriate the additional funds from unassigned fund balance in the fiscal year 2023-24 budget (Attachment A).

Policy Issues

City Council retains sole authority to enter into memoranda of understanding (MOUs) with recognized labor units. Negotiations related to MOUs are governed by the Meyers-Miliias-Brown Act (MMBA), Government Code §3500. MMBA requires that local agencies meet and confer in good faith regarding wages, hours, and other terms and conditions of employment with representatives of recognized collective bargaining units. MMBA further requires that the City fully consider proposals made by collective bargaining unit representatives before determining policy or course of action.

Background

The City Council held its initial hearing to receive public input before launching negotiations with AFSCME April 4. After the public input hearing, City Council appointed Charles Sakai of Sloan Sakai Yeung & Wong LLP to serve as the City's chief negotiator. Mr. Sakai received direction to negotiate the successor MOU with AFSCME and successor negotiations commenced in May 2023. The parties met both on- and off-the-record and resolved matters by joint recommendation in October 2023. The AFSCME bargaining unit is scheduled to ratify the tentative agreement before the City Council meeting Nov. 14.

Analysis

Service to the community requires a skilled workforce that is committed to providing the level of customer service and responsiveness expected by the City Council, residents, businesses, and other community sectors in Menlo Park. AFSCME is comprised of journey level and supervisory personnel across all city departments and represents 31 classifications with approximately 46.5 budgeted full-time equivalents (FTEs) in AFSCME in fiscal year 2023-24.

This report summarizes the joint recommendation negotiated in good faith with AFSCME representatives. The adoption of the successor MOU is scheduled to be ratified by AFSCME's membership before Nov. 14. While the parties' joint recommendation conforms to the authority provided to Mr. Sakai, the final action

requires City Council ratification at a public meeting. Table 1 summarizes the tentative agreement terms with financial impacts. A redline version incorporating these terms into the current MOU will be transmitted for City Council consideration at least 72 hours in advance of its Nov. 14 meeting.

Table 1: Tentative agreement items with financial impact to City		
Item	Description	Cost / (savings)
Term	The tentative agreement (TA) provides for a three-year term beginning with City Council ratification and ending June 30. Given that negotiation of a successor agreement is not required for fiscal years 2023-24 and 2024-25, the City is estimated to save approximately \$30,000 per year, which reflects legal costs and internal staff time required to support negotiations.	(\$60,000)
Pay rates – Overall wage adjustments	<p>The TA includes an across-the-board general salary increase (GSI) to all pay rates in this unit, as follows:</p> <ul style="list-style-type: none"> • 2.13% effective the pay period following July 1, 2024 • 3.5% effective the pay period following July 1, 2025 <p>These costs include the corresponding increase to other City-provided benefits that are tied to wages (i.e., life insurance, long-term disability insurance, accidental death and dismemberment insurance, Medicare and workers’ compensation). These increases in costs represent the unbudgeted amounts over the fiscal year 2023-24 budget and the latest five-year General Fund forecast presented to City Council.</p>	<p>\$45,079</p> <p>\$149,059</p>
	<p>The TA also includes adoption of an updated salary table which corrects errors in the current table to provide for 5% steps and appropriate space between related classifications (Job Families) effective the first full pay period following ratification of the MOU. The update to the salary table will be considered by the City Council as a separate agenda item at its Nov. 14 meeting.</p>	<p><u>\$31,406</u></p> <p>\$225,544</p>
Pay rates – Market-based adjustments	<p>Effective the first full pay period in January 2025, the City shall increase the base pay for each benchmark classification with a total compensation of more than 5% below market median, as determined by the City’s 2022 Total Compensation Survey (“Survey”), by the percentage the Survey determined the classification to be below market median. In addition, each non-surveyed classification that is tied to a benchmark classification will receive a base wage increase sufficient to maintain an appropriate differential between levels (and to correct internal discrepancies).</p> <p>Because the communications dispatcher and management analyst II are the only benchmark classifications more than 5% below market median, the following market-based equity adjustments would be made:</p> <ul style="list-style-type: none"> • Communications job family: <ul style="list-style-type: none"> • Communications and records manager 8.81% • Management analyst job family <ul style="list-style-type: none"> • Business manager 7.02% 	

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Item	Description	Cost / (savings)
	<ul style="list-style-type: none"> • Management analyst II 7.02% • Senior management analyst 7.02% • Information technology job family <ul style="list-style-type: none"> • Enterprise applications administrator 7.02% • Network administrator 7.02% • Systems administrator 7.02% <p>Market-based equity adjustments are independent of the GSI, and will be implemented in an additive (non-compounded) fashion.</p>	\$67,334
Lump sum payment	The TA provides a lump sum payment of \$2,000 per employee in this unit effective the pay period following ratification in 2023. This one-time payment is being provided in recognition of record inflation, the impacts of COVID, an increased staff vacancy rate resulting in higher workloads, and related difficulties in recruiting and retaining top talent.	\$96,000
Additional paid leave	The TA provides for 21 hours of additional paid leave per bargaining unit employee to be used by June 15, 2024. Any leave not used by June 15 will be paid out in the current fiscal year.	The increased direct cost of this item will vary depending on the amount of time used versus time paid out.
Employee retirement cost share	<p>The City and AFSCME previously entered into a cost-sharing agreement whereby the City and employees (“members”) shared increases in the CalPERS employer rate above a baseline rate of 15.85%. Over time, that rate has risen so that employees have been paying 6.04% of the City’s contribution (“Member-Paid City Contribution”) as of July 1, 2022. The TA includes the following adjustments to the employee retirement cost share:</p> <ul style="list-style-type: none"> • Effective the pay period following City Council ratification: • Freeze the member-paid city contribution at 6.04%. • Reduce the member-paid employer contribution to 2.04% (a 4% reduction). • Effective the first full pay period following July 1, 2024, the member-paid employer contribution will be reduced to zero (a 2.04% reduction). 	<p>The increased cost represents the cost of increasing the City’s contribution to the full CalPERS employer rate.</p> <p>\$154,764</p> <p><u>\$389,128</u></p> <p>\$543,892</p>
Flexible benefits plan contribution	<p>The TA includes set contribution rates for 2024 plus an across the board increase in flexible benefits plan contribution based on the annual Consumer Price Index (CPI) for the San Francisco Bay Area (subject to meet and confer if the City’s contribution is insufficient to cover the Kaiser Bay Area premium) :</p> <ul style="list-style-type: none"> • 2024: <ul style="list-style-type: none"> • \$2,655.67 per month - family coverage • \$2,042.82 per month - two-person coverage 	\$26,316

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Item	Description	Cost / (savings)
	<ul style="list-style-type: none"> \$1,060.21 per month - single coverage 2025 CPI increase between 2-4% 2026 CPI increase between 2-4% 	<p>\$27,105</p> <p><u>\$27,918</u></p> <p>\$81,339</p> <p>The adopted fiscal year 2023-24 budget includes this CPI adjustment.</p>
Floating holiday	The TA includes the addition of an eight-hour “Day of Reflection in recognition of holidays of individual and community importance, including Juneteenth, Cesar Chavez Day and Indigenous People’s Day” as a Floating Holiday to be scheduled like other discretionary leave hours (e.g., vacation time). The Day of Reflection has no cash value and must be used during the fiscal year in which it was granted.	No direct costs. Indirect costs related to reduced productivity and availability to the public.
Call back pay	Call back pay is provided when an employee is required to report to their normal work location on a day when they have not been scheduled, or to return to work after completing their regular workday and leaving the worksite. The TA provides for an increase in the minimum compensation for call back pay from two hours to three hours, paid at one and one-half times their regular rate of pay.	Estimated \$29,082 per year.*
Standby pay	Standby pay is provided when an employee is placed on standby outside of their regular work shift. Employees required to perform standby pay will be compensated two hours of the base rate of pay for each weekday and three hours of the base rate of pay for each weekend day or holiday. Standby pay is reduced by one hour if the employee performs at least an hour of overtime or is called back to work. This replaces the flat rate of \$3.75 per hour assigned to standby duty.	Estimated \$50,893 per year.*
Allowance – Safety shoes	The TA includes adjustments to the existing safety shoe allowance: a. Employees required to wear safety shoes/boots will be reimbursed up to \$400 per year. This represents an increase of \$115 for non-public works tree crew employees and \$60 for public works tree crew employees. The same allowance will apply to all eligible employees going forward. b. The City will evaluate the potential for a voucher system to replace the current reimbursement system.	Approximately \$3,060 per year.
Allowance - Tools	The TA includes an adjustment to the existing tool allowance for equipment mechanics in the maintenance division, who are required to provide their own tools and equipment, to be reimbursed up to \$1,600 per fiscal year. This represents an increase of \$200 per year.	\$600 per year

Table 1: Tentative agreement items with financial impact to City		
Item	Description	Cost / (savings)
Bereavement leave	The TA allows employees to take up to two additional days off per instance of bereavement for eligible family members using the employee's eligible leave banks. This is being updated to comply with new State law.	No-cost item.
Union security language	The TA updates the agency shop language to be in compliance with State law following the U.S. Supreme Court Decision in Janus v. American Federation of State, County and Municipal Employees, Local 829 (AFSCME).	No-cost item.
Non-Discrimination	The TA updates the MOU's language defining protected classifications and deletes language exempting discrimination issues from the grievance procedure, while more completely detailing the process for filing a discrimination complaint under the City's rules.	No-cost item
Disciplinary action	The TA updates the MOU provisions surrounding discrimination to provide for service of discipline either in person or via email (in place of certified mail) and clarifies the process for minor discipline.	No-cost item
Parity Provision	The TA adds a "Parity Provision" which provides AFSCME an opportunity to meet and confer if the City reaches an agreement with another bargaining unit representing solely benefited non-sworn employees that includes an across-the-board total compensation increase (i.e., GSI and/or benefit increases (including changes to medical premium contributions or other health and welfare benefits) minus any offsetting reduction in pay or benefits) which exceeds the value in total compensation included in this agreement over the term of this agreement (i.e., 7/1/23 – 6/30/26),	No-cost item
Labor-Management Committee	The TA provides that the Labor Management Committee will include discussion of a voucher system for the safety shoe reimbursement in Article 9.	No-cost item
MOU language clean-up	The parties agree to clean-up additional language in the MOU for added clarity and standardization.	No-cost item.
Total	Year 1	\$246,170
	Year 2, incremental	\$507,275
	Year 3, incremental	\$564,546
	Three-year contract term total	\$1,317,991

*Call back pay and standby pay vary each year and are not budgeted for separately in the fiscal year 2023-24 budget. Any expenses incurred have historically been covered by vacancy savings, or could be brought forward at a mid-year budget amendment, if needed.

The TA provides three years of stability. The economic package outlined above balances the need for fiscal sustainability with the goal of recruiting and retaining top talent in service to the community. One measure of fiscal sustainability is the relationship between the TA's economic package and inflation as measured by the Consumers Price Index, All Urban Consumers (CPI-U), for the San Francisco area. The San Francisco Area CPI as of April 2023 showed an increase of 4.2% as compared to April 2022. Another measure of fiscal sustainability is the relationship between the TA and the amounts included in the fiscal year 2023-24 budget and general fund five-year forecast. These items include 3% placeholder wage increases and 4%

increases to benefit costs, taking into consideration increasing costs for employee pension and inflationary assumptions for non-salary items.

The terms of the successor agreement are an important component of recruiting and retaining quality employees. Competition for top talent is significant. Providing a compensation package that maintains the City's market position and provides incentive for promoting within the City supports retention of our highly qualified and experienced staff.

Impact on City Resources

The average annual cost of this three-year agreement is approximately \$439,330. The City Council's proposed fiscal year 2023-24 budget incorporates placeholder wage and benefit increases subject to negotiations. Staff is requesting an additional appropriation of \$246,170 from the unassigned fund balance to fully fund the terms of the successor MOU for fiscal year 2023-24.

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment.

Public Notice

Public notification was achieved by posting the report 15 days prior to the City Council meeting of Nov. 14.

Attachments

A. Resolution to adopt the successor MOU with AFSCME (Nov. 14 – June 30, 2026)

Report prepared by:
Charla Freckmann, Human Resources Manager
Marvin Davis, Interim Finance Director

RESOLUTION NO. XXXX

RE RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK RATIFYING THE COMPREHENSIVE MEMORANDUM OF UNDERSTANDING WITH AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES LOCAL 829 WITH A TERM OF NOVEMBER 14, 2023 THROUGH JUNE 30, 2026

WHEREAS, the City of Menlo Park received a report on expiring labor agreements on April 4, 2023 in accordance with City Council’s policy on Public Input and Outreach Regarding Labor Negotiations; and

WHEREAS, the Memorandum of Understanding (“MOU”) between the City of Menlo Park (“City”) and the American Federation of State, County and Municipal Employees, Local 829 (“AFSCME”) expires on June 30, 2023; and

WHEREAS, Negotiators for the City and AFSCME began the meet and confer process May 2023, and met both on- and off-the-record and resolved matters by Joint Recommendation in October 2023; and

WHEREAS, City and AFSCME have met and conferred in good faith and signed a comprehensive Tentative Agreement on October 30, 2023; and

WHEREAS, the AFSCME bargaining unit is scheduled to ratify the Tentative Agreement prior to the City Council Meeting on November 14, 2023; and

WHEREAS, the terms of the successor MOU make changes to the wages, the CalPERS employee cost sharing agreement, call back and standby pays, a lump sum payment of \$2,000 per employee and an additional paid leave accrual, flexible spending account benefits, various clean-up language regarding non-economic terms and has a term November 14, 2023 through June 30, 2026; and

NOW, THEREFORE, BE IT RESOLVED, by the Menlo Park City Council that:

1. City ratifies the Tentative Agreement with AFSCME for a successor MOU with a term of November 14, 2023 through June 30, 2026, as set forth in Exhibit A attached and incorporated by reference; and
2. City Council authorizes necessary appropriations in the fiscal year 2023-24 budget for all additional costs related to implementation of the successor MOU; and
3. City Council authorizes the city manager to execute the successor MOU; and
4. City Manager may approve formatting edits to the successor MOU.

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I, Judi A. Herren, City Clerk of Menlo Park, do hereby certify that the above and foregoing City Council Resolution was duly and regularly passed and adopted at a meeting by said City Council on the fourteenth day of November, 2023, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Official Seal of said City on this ___ day of November, 2023.

Judi A. Herren, City Clerk

Exhibits:

A. Comprehensive Tentative Agreement