



REGULAR MEETING AGENDA

Date: 8/27/2024
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 resolution to approve the successor agreement between the City of Menlo Park and the Police Officers' Association expiring Aug. 31, 2027 ([Staff Report #24-140-CC](#))

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STAFF REPORT

City Council

Meeting Date:

8/27/2024

Staff Report Number:

24-140-CC

Regular Business:

Adopt a resolution to approve the successor agreement between the City of Menlo Park and the Menlo Park Police Officers' Association expiring Aug. 31, 2027

Recommendation

Adopt a resolution to approve the successor agreement between the City of Menlo Park and the Menlo Park Police Officers' Association (POA) expiring Aug. 31, 2027, and appropriate the additional funds from unassigned General Fund balance in the fiscal year 2024-25 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-Milias-Brown Act (MMBA), Government Code §3500 et seq. 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 the POA May 21. 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 the POA and successor negotiations commenced in June 2024. The Parties met both on and off-the-record and resolved matters by joint recommendation in August 2024.

Analysis

Service to the community requires a skilled workforce that is committed to providing the level of public safety, customer service, and responsiveness expected by the City Council, residents, businesses, and other community sectors in Menlo Park. The POA is comprised of entry and journey level personnel and represents three classifications with 35 budgeted full-time equivalents (FTEs) in POA in fiscal year 2024-25.

This report summarizes the joint recommendation negotiated in good faith with POA representatives. The adoption of the successor MOU is scheduled to be ratified by the POA's membership before Aug. 27. While the Parties' joint recommendation conforms to the authority provided to Mr. Sakai, the final action requires City Council approval 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 adoption at least 72 hours in advance of its Aug. 27 meeting (Exhibit A of Attachment A).

Table 1: Tentative agreement items with financial impact to City		
Item	Description	Cost / (savings)
Term	The tentative agreement provides for a three-year term beginning Sept. 1, 2024, and ending Aug. 31, 2027. Given that negotiation of a successor agreement is not required for fiscal years 2025-26 and 2026-27, 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 tentative agreement includes an across-the-board general salary increase to base pay, as follows:</p> <ul style="list-style-type: none"> • 3.0% effective the pay period following Sept. 1, 2024 • 3.0% effective the pay period following Sept. 1, 2025 • 3.0% effective the pay period following Sept. 1, 2026 	<p>\$116,268</p> <p>\$129,981</p> <p><u>\$135,602</u></p> <p>\$381,851</p>
Pay rates – Market-based adjustments	<p>In response to the City’s total compensation survey that found the police officer benchmark classification to be behind the market, and in recognition of current vacancy levels, along with the time, expense, and difficulty in recruiting police officers to fill those vacancies, the tentative agreement includes the following market-based equity adjustments:</p> <ul style="list-style-type: none"> • Effective the first full pay period following Sept. 1, 2024, the City shall increase the base pay of each POA classification by 2%. • Effective the first full pay period in February 2025, the City shall add a new Step E to the salary schedule for police officer and delete the existing Step A, whereby the existing Step B becomes the new Step A. The new salary step will be 5% above the existing top step, in accordance with the standard salary step differential. POA members who have been at the existing Step E for at least one year will move to the new Step E upon implementation. Otherwise, members will move to their next salary step on their annual anniversary date. <p>Market-based equity adjustments are independent of the GSI, and will be implemented in an additive (non-compounded) fashion.</p>	\$136,166

Table 1: Tentative agreement items with financial impact to City		
Item	Description	Cost / (savings)
Special pay - Longevity pay adjustment	<p>In an effort to attract more lateral police officers to join the City, the tentative agreement includes a modification to the existing longevity pay provision to recognize continuous service time as a full-time sworn police officer, rather than recognizing only the years of service with the City.</p> <p>Effective the first full pay period following Sept. 1, 2024, POA members who have at least one year of service as a full-time sworn police officer with the City will be credited with 0.5 years of service for every one year of service as an 830.1 Peace Officer for any other California agency.</p>	<p>This cost represents additional costs for current employees over the term of the agreement. Since this is a recruitment tool designed to attract lateral police officers, the cost will increase depending on the number of qualifying new hires.</p> <p style="text-align: right;">\$12,344</p>
Indirect costs tied to employee wages	<p>These costs include the corresponding increase to other City-provided benefits and special pays 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 2024-25 budget and the latest five-year forecast presented to the City Council.</p>	\$689,541
Employee retirement cost share	<p>The City and POA previously entered into a cost-sharing agreement whereby CalPERS Tier 3 – PEPRA members contribute the greater of half of the normal cost or 12%. This equates to a minor additional cost to the employee and an added administrative burden to the City. Additionally, the employee retirement cost share was reduced in 2023 and then eliminated in July 2024 for other employee groups. The tentative agreement includes the following adjustments to the employee retirement cost share:</p> <ul style="list-style-type: none"> • Effective the first full pay period following July 1, 2025, the cost share shall end and PEPRA members will contribute half the normal cost as calculated by CalPERS on an annual basis. 	<p>The cost of increasing the City's contribution to the full CalPERS employer rate would be offset by savings in staff time spent calculating the rate difference.</p>
Flexible benefits plan contribution	<p>The tentative agreement includes set contribution rates for 2025 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:</p> <ul style="list-style-type: none"> • 2025 – Incorporates a 2.4% CPI increase: <ul style="list-style-type: none"> • \$2,719.41 per month - family coverage • \$2,091.85 per month - two-person coverage • \$1,085.66 per month - single coverage • 2026 – CPI increase between 2-4% 	<p>\$13,370</p> <p>\$36,225</p>

Table 1: Tentative agreement items with financial impact to City		
Item	Description	Cost / (savings)
	<ul style="list-style-type: none"> 2027 – CPI increase between 2-4% 	<u>\$46,620</u> \$96,215
Disciplinary Action	The tentative agreement removes an existing limitation on the length of suspensions, updates the MOU provisions surrounding written or verbal warnings and written reprimands, and clarifies the types of disciplinary actions covered under this section.	No-cost item
Bereavement leave	The tentative agreement 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.
MOU language clean-up	The parties agree to clean-up additional language in the MOU for added clarity and standardization and to comply with CalPERS or legal requirements.	No-cost item.
Total	Year 1	\$349,319
	Year 2, incremental	\$608,584
	Year 3, incremental	<u>\$358,214</u>
	Three-year contract term total	\$1,316,117

The tentative agreement provides three years of stability and known increases for POA represented classifications across all areas of wages and benefits. 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 tentative agreement’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 June 2024 showed an increase of 3.2% as compared to June 2023. Another measure of fiscal sustainability is the relationship between the tentative agreement and the amounts budgeted in the fiscal year 2024-25 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 police employees. The recruitment timeline from the time a prospective candidate applies for the job, undergoes the background process, attends the Police Academy, and completes Field Training to become an independent police officer is approximately one and a half years. This equates to a financial investment of approximately \$115,000 per candidate that completes the full process. Thus, ensuring the City can attract qualified applicants and lateral police officers is critical. Competition for top talent is significant. Providing a compensation package that improves the City’s market position and provides incentives for longevity and promoting within the City supports recruitment and retention of our highly qualified and experienced staff.

Impact on City Resources

The average annual cost of this three-year agreement is approximately \$438,706. The fiscal year 2024-25 budget incorporates placeholder wage and benefit increases subject to negotiations. Staff is requesting an additional appropriation of \$177,867 to fully fund the terms of the successor MOU with POA for fiscal year 2024-25.

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 Aug. 27.

Attachments

A. Resolution to adopt the successor MOU with POA (Sept. 1, 2024 – Aug. 31, 2027)

Report prepared by:

Charla Freckmann, Human Resources Manager

Jared Hansen, Assistant Administrative Services Director

Report reviewed by:

Brittany Mello, Administrative Services Director

RESOLUTION NO. XXXX

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK
APPROVING AND ADOPTING THE COMPREHENSIVE MEMORANDUM OF
UNDERSTANDING WITH MENLO PARK POLICE OFFICERS' ASSOCIATION
WITH A TERM OF SEPTEMBER 1, 2024 THROUGH AUGUST 31, 2027**

WHEREAS, the City of Menlo Park received a report on expiring labor agreements on May 21, 2024 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 Menlo Park Police Officers' Association ("POA") expires on August 31, 2024; and

WHEREAS, Negotiators for the City and POA began the meet and confer process on June 13, 2024, and met both on- and off-the-record and resolved matters by Joint Recommendation in August 2024; and

WHEREAS, City and the POA have met and conferred in good faith and have agreed to the attached comprehensive successor MOU (Exhibit A); and

WHEREAS, the POA bargaining unit is scheduled to ratify the Tentative Agreement prior to the City Council Meeting on August 27, 2024; and

WHEREAS, the terms of the successor MOU make changes to the wages, the CalPERS employee cost sharing agreement, flexible benefit plan contributions, various clean-up language regarding non-economic terms, and has a term September 1, 2024 to August 31, 2027.

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

1. City approves the Tentative Agreement with POA for a successor MOU with a term of September 1, 2024, through August 31, 2027, 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 or their designee 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 twenty-seventh day of August, 2024, 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 August, 2024.

Judi A. Herren, City Clerk

Exhibit:

A. Successor Memorandum of Understanding

EXHIBIT A

Exhibit A will be available on or before Aug. 22.