



## REGULAR MEETING AGENDA

**Date:** 10/9/2018  
**Time:** 7:00 p.m.  
**City Council Chambers**  
**701 Laurel St., Menlo Park, CA 94025**

## EARLY STAFF REPORT RELEASE NOTICE

Pursuant to the requirements of Measure L, the following staff report is being released 15 days in advance of the regular City Council meeting agenda packet:

Receive a report and hear public comment on the terms of a supplemental agreement between the City of Menlo Park and the Service Employees International Union Local 521 expiring June 30, 2021  
([Staff Report# 18-182-CC](#))

This Notice is posted in accordance with Government Code §54954.2(a) or §54956. Members of the public can view electronic agendas and staff reports by accessing the City website at [www.menlopark.org](http://www.menlopark.org) and can receive e-mail notification of agenda and staff report postings by subscribing to the "Notify Me" service at [menlopark.org/notifyme](http://menlopark.org/notifyme). Agendas and staff reports may also be obtained by contacting the City Clerk's Office at 650-330-6620. (Posted 9/24/2018)



## STAFF REPORT

**City Council**

**Meeting Date:** 10/9/2018

**Staff Report Number:** 18-182-CC

**Regular Business:** Approve the terms of a supplemental agreement between the City of Menlo Park and the Service Employees International Union Local 521 expiring June 30, 2021

### Recommendation

Approve the terms of a collective bargaining agreement between the City of Menlo Park and Service Employees International Union Local 521 (SEIU) and authorize the City Manager to execute a Memorandum of Understanding (MOU) with a term expiring June 30, 2021.

### Policy Issues

This recommendation aligns with the City's goals of balancing continued fiscal prudence in planning for the impacts of employee compensation on the 10-year fiscal forecast, while also continuing to align the City as a competitive employer in the robust Silicon Valley job market.

### Background

On September 26, 2017, the City Council approved a tentative agreement reached with the Service Employees International Union Local 521 (SEIU), which represents 162 non-sworn employees throughout the City who are primarily responsible for frontline service to the community. The terms of that agreement provided for a variety of economic adjustments and provided for a labor agreement expiring June 30, 2020. The terms of the agreement have been incorporated in the City's 10-year fiscal forecast as presented in the City Council's fiscal year 2018-19 adopted budget.

In response to concerns expressed by the bargaining unit as part of the 2017 negotiations, Appendix C to the current MOU includes a provision where both parties agree to meet and confer regarding the implementation of an employee-paid short-term disability insurance policy to address potential gaps between the exhaustion of an employee's paid time off balances and long term disability insurance.

The attached supplemental agreement is the result of the meet and confer process provided in Appendix C as well as other issues raised by management upon further review of the City's disability insurance program. The supplemental agreement was ratified by SEIU Local 521 September 5, 2018.

### Analysis

The supplemental agreement to the MOU is attached, and is the document that is the subject of City

Council ratification October 9, 2018. The following tables provide a summary of the key provisions and/or changes.

Table 1: Key provisions and/or changes		
Item	Key provisions and/or changes description	Estimated cost/savings
Term MOU Article 25	Assuming City Council ratification October 9, 2018, the supplemental agreement provides for a one-year term extension on the current MOU with a new expiration date of June 30, 2021. Given that negotiation of a successor agreement is not required for an additional fiscal year, the City is estimated to save approximately \$30,000 which reflects legal costs and internal staff time required to support negotiations.	(\$30,000)
Pay rates MOU Section 7.1	Assuming City Council ratification October 9, 2018, the supplemental agreement includes an across the board adjustment to all pay rates in this unit, as follows: 1.0 percent effective the pay period of CSDIP implementation* CPI salary adjustment effective the pay period following July 1, 2020, minimum of 2 percent maximum of 4%** * The fiscal impact of this adjustment is anticipated to be 0.50 percent of salary, as shown to the right, for fiscal year 2018-19, assuming January 1, 2019 implementation. California State Disability Insurance Program (CSDIP) is an employee funded benefit administered by the State of California. Participation, once elected by a majority of the bargaining unit, is mandatory for all bargaining unit members. ** The Consumer Price Index (CPI) adjustment in July 2020 is estimated at 3.5 percent.	\$95,000* \$685,200**
Benefit programs MOU Section 13.1	Assuming City Council ratification on October 9th, the supplemental agreement provides an increase to the City's cafeteria plan, effective January 1, 2021. The increase is tied to changes in the Consumer Price Index (CPI) with minimum of 2 percent and maximum of 4 percent, and applies to all levels of coverage, effective January 1, 2021.	\$113,200
Disability insurance MOU Section 13.6	Assuming City Council ratification on October 9th, the supplemental agreement modifies the disability insurance provided to employees in this bargaining unit as follows: • Effective January 1, 2019 or as soon as possible after ratification, the City shall deduct California State Disability Insurance Program (CSDIP) premiums deducted from employee pay. • Within seven months of CSDIP implementation, the City shall modify the long-term disability program to provide a benefit after 180 days of an eligible illness or injury. Currently the benefit takes effect after 45 days. The cost savings is a conservative estimate.	(\$18,700)

The supplemental agreement fulfills needs expressed by the bargaining unit for changes to the City's disability insurance benefits. Additionally, the contract extension provides the City with greater certainty in its expenditure needs through June 30, 2021.

### **Impact on City Resources**

The supplemental agreement results in an estimated cost of \$95,500 in 2018-19, reflecting the salary increase upon CSDIP implementation. In future years, the 10-year forecast will be fine-tuned with the terms of the contract extension through June 30, 2021.

### **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 proposes an organizational structure change that 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 October 9, 2018.

### **Attachments**

- A. Supplemental agreement between the City of Menlo Park and Service Employees International Union, Local 529

Report prepared by:

Sandy Pimentel, Management Analyst II

Lenka Diaz, Administrative Services Director

Nick Pegueros, Assistant City Manager

**SUPPLEMENTAL AGREEMENT  
BETWEEN  
THE CITY OF MENLO PARK  
AND  
SERVICE EMPLOYEES INTERNATIONAL UNION, LOCAL 521**

This Supplemental Agreement (“Agreement”) executed September \_\_\_, 2018 is by and between the City of Menlo Park (“City”) and Service Employees International Union, Local 521 (“SEIU”) for the purpose of modifying the current (2017-2020) Memorandum of Understanding between the parties (“MOU”). This document is intended to supersede any inconsistent provisions of the MOU and any side letters thereto. All other terms and conditions in the MOU and any side letters shall remain in full force and effect except as modified by this Supplemental Agreement.

**The City and SEIU agree to amend the 2017-2020 MOU as follows:**

1. **Duration.** ARTICLE 25: TERM OF AGREEMENT is amended as follows:

This Agreement shall remain in full force and effect up to and including June 30, **2021** **2020**, and thereafter shall continue in effect year by year unless one of the parties notifies the other in writing no earlier than January 30 of any year, and no later than March 30 of any year, of its request to modify, amend, or terminate the Agreement. If the parties enter into subsequent meeting and conferring regarding a successor agreement, the terms and conditions of this Agreement shall remain in effect until a successor Agreement is reached, or until meeting and conferring is concluded.

The terms of this Agreement shall be effective upon the adoption of this Agreement by the City Council except as otherwise provided by specific sections of this Agreement.

2. **Wages.** ARTICLE 7: PAY RATES AND PRACTICES is amended to add the following to Section 7.1 Overall Wage Adjustment:

**7.1.5 Effective the same pay period as the implementation of the State Disability Insurance deduction under Section 13.6.4, the pay rates for employees in this representation unit shall be increased by one percent (1.0%). The City shall develop a salary schedule to incorporate this raise.**

**7.1.6 Effective the beginning of the first full pay period following July 1, 2020, the pay rates for employees in this representation unit shall be increased by an amount equal to the twelve-month increase in the consumer price index (CPI-U San Francisco-Oakland-San Jose) measured from February 2019 to February 2020. However, the increase shall be no less than two percent (2.0%) and no more than four percent (4%) (i.e., CPI 2-4%). The City shall develop a salary schedule to incorporate this raise.**



**3. Medical Premiums.** ARTICLE 13: BENEFIT PROGRAMS is amended as follows:

**Add new Section 13.1.6 and renumber following subsections.**

13 .1.6 For the plan year beginning January 1, 2021, the City shall make a nonelective employer contribution to the flexible benefits plan on behalf of each active employee in an amount which, together with the minimum PEMHCA contribution in 13.1.2 equals the contributions in Section 13.1.5 increased by an amount equal to the twelve-month increase in the consumer price index (CPI-U San Francisco-Oakland-San Jose) measured from February 2019 to February 2020. However, the increase in the City's contribution shall be no less than two percent (2.0%) and no more than four percent (4%) (i.e., CPI 2-4%).

**4. Disability Insurance.**

ARTICLE 12: LEAVE PROVISIONS is amended as follows:

**Delete Existing Section 12.2 and renumber following subsections**

ARTICLE 13: BENEFIT PROGRAMS is amended as follows:

**Add the following to Section 13:**

13.6 Disability Insurance

13.6.1 During the first year of disability and so long as no retirement determination has been made by the City, the employee will continue to receive City paid health insurance, AD&D, dental, vision and life insurance benefits providing that the employee continues to pay the employee share of the benefit cost, where applicable.

13.6.2 The City procedures which allow for follow-up of an employee who has been out on an extended disability shall apply to employees under this section.

13.6.3 Leave Accrual shall only continue for periods during which the employee is in City-paid status (i.e., utilizing accrued leave time to delay or supplement disability benefits).

13.6.4 *State Disability Insurance*

Effective January 1, 2019 or as soon thereafter as possible, the City shall enroll all bargaining unit members in the California State Disability Insurance Program. The City will deduct premiums for this benefit from employees' payroll.

13.6.5 *Long Term Disability*

Until a new long-term disability plan coinciding with the California State Disability Insurance Program (CSDIP) is implemented, should any illness or injury extend beyond forty-five (45) calendar days, the employee may apply for long term disability benefits as described in the summary plan description. The City shall pay the full cost for long term disability insurance.


Within seven months of the CSDIP implementation, the City will change its long-term disability insurance plan to coincide with the CSDIP as follows: should any illness or injury extend beyond one-hundred and eighty (180) calendar days, the employee may apply for long term disability benefits as described in the summary plan description. The City shall pay the full cost for long term disability insurance.

**IN WITNESS WHEREOF, the parties hereto acting by, and through their duly authorized representatives, have executed this Supplemental Agreement this \_\_\_\_ day of September, 2018.**

**FOR THE CITY OF MENLO PARK:**

**FOR SEIU:**

\_\_\_\_\_  
**Lenka Diaz**  
**Administrative Services Director**

  
\_\_\_\_\_  
**Malcolm Thornton**  
**Business Agent**



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**701 Laurel St., Menlo Park, CA 94025**

## EARLY STAFF REPORT RELEASE NOTICE

Pursuant to the requirements of Measure L, the following staff report is being released 15 days in advance of the regular City Council meeting agenda packet:

Receive a report and hear public comment on the terms of a supplemental agreement between the City of Menlo Park and the American Federation of County, State, and Municipal Employees Local 829 expiring June 30, 2021 ([Staff Report# 18-183-CC](#))

This Notice is posted in accordance with Government Code §54954.2(a) or §54956. Members of the public can view electronic agendas and staff reports by accessing the City website at [www.menlopark.org](http://www.menlopark.org) and can receive e-mail notification of agenda and staff report postings by subscribing to the "Notify Me" service at [menlopark.org/notifyme](http://menlopark.org/notifyme). Agendas and staff reports may also be obtained by contacting the City Clerk's Office at 650-330-6620. (Posted 09/24/2017)





## STAFF REPORT

### City Council

**Meeting Date:** 10/9/2018  
**Staff Report Number:** 18-183-CC

**Regular Business:** Approve the terms of a supplemental agreement between the City of Menlo Park and the American Federation of County, State, and Municipal Employees Local 829 expiring June 30, 2021

### Recommendation

Approve the terms of a collective bargaining agreement between the City of Menlo Park and American Federation of State, County and Municipal Employees Local 829 (AFSCME) and authorize the City Manager to execute a Memorandum of Understanding (MOU) with a term expiring June 30, 2021.

### Policy Issues

This recommendation aligns with the City's goals of balancing continued fiscal prudence in planning for the impacts of employee compensation on the 10-year fiscal forecast, while also continuing to align the City as a competitive employer in the robust Silicon Valley job market.

### Background

On September 26, 2017, the City Council approved a tentative agreement reached with the AFSCME, which represents 37 non-sworn employees throughout the City who are primarily responsible for supervision of line staff in their service to the community. The terms of that agreement provided for a variety of economic adjustments and provided for a labor agreement expiring June 30, 2020. The terms of the agreement have been incorporated in the City's 10-year fiscal forecast as presented in the City Council's fiscal year 2018-19 adopted budget.

In response to concerns expressed by the bargaining unit as part of the 2017 negotiations, Appendix C to the current MOU includes a provision where both parties agree to meet and confer regarding the implementation of an employee-paid short-term disability insurance policy to address potential gaps between the exhaustion of an employee's paid time off balances and long term disability insurance.

The attached supplemental agreement is the result of the meet and confer process provided in Appendix C as well as other issues raised by management upon further review of the City's disability insurance program. The supplemental agreement was ratified by AFSCME Local 829 August 13, 2018.

### Analysis

The supplemental agreement to the Memorandum of Understanding (MOU) is attached, and is the

document that is the subject of City Council ratification October 9, 2018. The following tables provide a summary of the key provisions and/or changes.

Table 1: Key provisions and/or changes		
Item	Key provisions and/or changes description	Estimated cost/savings
Term MOU Article 24	Assuming City Council ratification October 9, 2018, the supplemental agreement provides for a one-year term extension on the current MOU with a new expiration date of June 30, 2021. Given that negotiation of a successor agreement is not required for an additional fiscal year, the City is estimated to save approximately \$30,000 which reflects legal costs and internal staff time required to support negotiations.	(30,000.00)
Pay rates MOU Section 7.1	Assuming City Council ratification October 9, 2018, the supplemental agreement includes an across the board adjustment to all pay rates in this unit, as follows: <ul style="list-style-type: none"> <li>• 1.0 percent effective the pay period of CSDIP implementation*</li> <li>• CPI salary adjustment effective the pay period following July 1, 2020, minimum of 2 percent maximum of 4%**</li> </ul> * The fiscal impact of this adjustment is anticipated to be 0.50 percent of salary, as shown to the right, for fiscal year 2018-19, assuming January 1, 2019 implementation. California State Disability Insurance Program (CSDIP) is an employee funded benefit administered by the State of California. Participation, once elected by a majority of the bargaining unit, is mandatory for all bargaining unit members. ** The Consumer Price Index (CPI) adjustment in July 2020 is estimated at 3.5 percent.	\$29,800* \$213,800**
Benefit programs MOU Section 13.1	Assuming City Council ratification on October 9th, the supplemental agreement provides an increase to the City's cafeteria plan, effective January 1, 2021. The increase is tied to changes in the Consumer Price Index (CPI) with minimum of 2 percent and maximum of 4 percent, and applies to all levels of coverage, effective January 1, 2021.	23,400.00
Disability insurance MOU Section 13.6	Assuming City Council ratification on October 9th, the supplemental agreement modifies the disability insurance provided to employees in this bargaining unit as follows: Effective January 1, 2019 or as soon as possible after ratification, the City shall deduct California State Disability Insurance Program (CSDIP) premiums deducted from employee pay. Within seven months of CSDIP implementation, the City shall modify the long-term disability program to provide a benefit after 180 days of an eligible illness or injury. Currently the benefit takes effect after 45 days. The cost savings is a conservative estimate.	(4,300.00)

The supplemental agreement fulfills needs expressed by the bargaining unit for changes to the City's disability insurance benefits. Additionally, the contract extension provides the City with greater certainty in its expenditure needs through June 30, 2021.

### **Impact on City Resources**

The supplemental agreement results in an estimated cost of \$29,800 in 2018-19, reflecting the salary increase upon CSDIP implementation. In future years, the 10-year forecast will be fine-tuned with the terms of the contract extension through June 30, 2021.

### **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 proposes an organizational structure change that 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 October 9, 2018.

### **Attachments**

- A. Supplemental Agreement between the City of Menlo Park and American Federation of State, County and Municipal Employees, Local 829

Report prepared by:

Sandy Pimentel, Management Analyst II

Lenka Diaz, Administrative Services Director

Nick Pegueros, Assistant City Manager

**SUPPLEMENTAL AGREEMENT  
BETWEEN  
THE CITY OF MENLO PARK  
AND  
AMERICAN FEDERATION OF STATE COUNTY AND MUNICIPAL EMPLOYEES**

This Supplemental Agreement (“Agreement”) executed August \_\_\_, 2018 is by and between the City of Menlo Park (“City”) and the American Federation Of State County And Municipal Employees (“AFSCME”) for the purpose of modifying the current (2017-2020) Memorandum of Understanding between the parties (“MOU”). This document is intended to supersede any inconsistent provisions of the MOU and any side letters thereto. All other terms and conditions in the MOU and any side letters shall remain in full force and effect except as modified by this Supplemental Agreement.

**The City and AFSCME agree to amend the 2017-2020 MOU as follows:**

1. **Duration.** ARTICLE 24: TERM OF AGREEMENT is amended as follows:

This Agreement shall remain in full force and effect up to and including June 30, ~~2021~~ **2020**, and thereafter shall continue in effect year by year unless one of the parties notifies the other in writing no earlier than ninety (90) days prior to the expiration or subsequent contract anniversary and no later than sixty (60) days prior to the expiration or subsequent contract anniversary, of its request to modify, amend, or terminate the Agreement. If the parties enter into subsequent meeting and conferring regarding a successor agreement, the terms and conditions of this Agreement shall remain in effect until a successor Agreement is reached, or until meeting and conferring is concluded.

The terms of this Agreement shall be effective upon the adoption of this Agreement by the City Council except as otherwise provided by specific sections of this Agreement.

2. **Wages.** ARTICLE 7: PAY RATES AND PRACTICES is amended to add the following to Section 7.1 Overall Wage Adjustment:

**7.1.4 Effective the same pay period as the implementation of the State Disability Insurance deduction under Section 13.6.4, the pay rates for employees in this representation unit shall be increased by one percent (1.0%). The City shall develop a salary schedule to incorporate this raise.**

**7.1.5 Effective the beginning of the first full pay period following July 1, 2020, the pay rates for employees in this representation unit shall be increased by an amount equal to the twelve-month increase in the consumer price index (CPI-U San Francisco-Oakland-San Jose) measured from February 2019 to February 2020. However, the increase shall be no less than two percent**

**(2.0%) and no more than four percent (4%) (i.e., CPI 2-4%). The City shall develop a salary schedule to incorporate this raise.**

**3. Medical Premiums.** ARTICLE 13: BENEFIT PROGRAMS is amended as follows:

**Add new Section 13.1.5 and renumber following subsections.**

13.1.5 For the plan year beginning January 1, 2021, the City shall make a nonelective employer contribution to the flexible benefits plan on behalf of each active employee in an amount which, together with the minimum PEMHCA contribution in 13.1.1 equals the contributions in Section 13.1.4 increased by an amount equal to the twelve-month increase in the consumer price index (CPI-U San Francisco-Oakland-San Jose) measured from February 2019 to February 2020. However, the increase in the City's contribution shall be no less than two percent (2.0%) and no more than four percent (4%) (i.e., CPI 2-4%).

**4. Disability Insurance.**

ARTICLE 12: LEAVE PROVISIONS is amended as follows:

**Delete Existing Section 12.2 and renumber following subsections**

ARTICLE 13: BENEFIT PROGRAMS is amended as follows:

**Add the following to Section 13:**

**13.6 Disability Insurance**

13.6.1 During the first year of disability and so long as no retirement determination has been made by the City, the employee will continue to receive City paid health insurance, AD&D, dental, vision and life insurance benefits providing that the employee continues to pay the employee share of the benefit cost, where applicable.

13.6.2 The City procedures which allow for follow-up of an employee who has been out on an extended disability shall apply to employees under this section.

13.6.3 Leave Accrual shall only continue for periods during which the employee is in City-paid status (i.e., utilizing accrued leave time to delay or supplement disability benefits).



#### 13.6.4 State Disability Insurance

Effective January 1, 2019 or as soon thereafter as possible, the City shall enroll all bargaining unit members in the California State Disability Insurance Program. The City will deduct premiums for this benefit from employees' payroll.

#### 13.6.5 Long Term Disability

Until a new long-term disability plan coinciding with the California State Disability Insurance Program (CSDIP) is implemented, should any illness or injury extend beyond forty-five (45) calendar days, the employee may apply for long term disability benefits as described in the summary plan description. The City shall pay the full cost for long term disability insurance.

Within seven months of the CSDIP implementation, the City will change its long-term disability insurance plan to coincide with the CSDIP as follows: should any illness or injury extend beyond one-hundred and eighty (180) calendar days, the employee may apply for long term disability benefits as described in the summary plan description. The City shall pay the full cost for long term disability insurance.

### **5. Compensatory Time Off Payout.** ARTICLE 8: HOURS AND OVERTIME is amended as follows:

#### 8.2 Overtime

8.2.4 **Compensatory Time.** An employee may accumulate a maximum of one hundred sixty (160) hours of compensatory time. Compensatory time may be used when the services of an employee are not needed for the efficient functioning of his/her department, and must be approved in advance by the Department Head. Once an employee has reached the limits of compensatory time in this section he/she shall receive cash at the overtime

Supplemental Agreement  
Menlo Park and AFSCME

rate for all overtime worked.

**With the last full pay period each December, beginning December 2019, and**  
~~Upon~~ **upon** termination, all unused compensatory time shall be paid out at the  
employee's existing rate of pay.


[Delete subsection a.]

**IN WITNESS WHEREOF, the parties hereto acting by, and through their duly authorized  
representatives, have executed this Supplemental Agreement this 14 day of August 2018.**

**FOR THE CITY OF MENLO PARK:**

**FOR AFSCME:**

\_\_\_\_\_  
**Lenka Diaz**  
**Administrative Services Director**

  
\_\_\_\_\_  
**John Tucker**  
**Business Agent**