



## SPECIAL AND REGULAR MEETING AGENDA

**Date:** 7/11/2023  
**Time:** 5:30 p.m.  
**Location:** [Zoom.us/join](#) – ID# 814 7839 7160 and  
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 Service Employees International Union Local 521 expiring June 30, 2026 ([Staff Report #23-154-CC](#))

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## STAFF REPORT

**City Council**

**Meeting Date:**

**7/11/2023**

**Staff Report Number:**

**23-154-CC**

**Regular Business:**

**Adopt a resolution to ratify the successor agreement between the City of Menlo Park and the Service Employees International Union Local 521 expiring June 30, 2026**

### Recommendation

Adopt a resolution to ratify the successor agreement between the City of Menlo Park and the Service Employees International Union Local 521 (SEIU) expiring June 30, 2026, and appropriate the additional funds in the fiscal year 2023-24 budget.

### 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 SEIU 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 SEIU, and both parties reached a tentative agreement June 22.

### 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. SEIU is comprised of non-supervisory personnel across all city departments, often serving as the first point of contact with members of the public. SEIU represents 74 classifications with approximately 168 budgeted full-time equivalents (FTEs) in SEIU, and current staffing of 136 FTEs.

This report summarizes the tentative agreement negotiated in good faith with SEIU representatives. The adoption of the successor MOU is pending ratification by SEIU's membership on or around June 30. While the tentative agreement conforms to the authority provided to Mr. Sakai, the final action requires City Council ratification at a public meeting. The City Council's proposed fiscal year 2023-24 budget incorporates placeholder wage and benefit increases subject to negotiations, and will require an amendment to fully fund the provisions outlined in the tentative agreement.

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 ratification at least 72 hours in advance of their July 11 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, 2023. 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"> <li>• 1.5% effective the pay period following July 1, 2024</li> <li>• 3.5% effective the pay period following July 1, 2025</li> </ul> <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).</p>	<p>\$249,737</p> <p><u>\$575,095</u></p> <p>\$824,832</p>
Pay rates – Market-based adjustments	<p>Effective the first full pay period following the later of July 1, 2023, or the City Council's adoption of the MOU, the City shall increase the base pay for each benchmark classification with a total compensation of more than five percent (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>Based on the survey and the internal salary alignments, the parties have agreed to the following market-based equity adjustments:</p> <ul style="list-style-type: none"> <li>• Communications dispatcher 6.77%</li> <li>• Communications training dispatcher 7.00%</li> <li>• Senior communications dispatcher 8.93%</li> </ul> <p>Market-based equity adjustments are independent of the GSI, and will be implemented in an additive (non-compounded) fashion.</p>	\$53,496
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.	\$272,000
Employee retirement cost share	The City and SEIU 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 14.597%. Over time,	The increased cost represents the cost of

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Item	Description	Cost / (savings)
	<p>that rate has risen so that employees have been paying 6.67% 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"> <li>• Freeze the Member-Paid City Contribution at 6.67% as of June 30, 2023.</li> <li>• Effective July 2, 2023, the Member-Paid Employer Contribution will be reduced to 2.67% (a 4% reduction).</li> <li>• Effective the first full pay period following July 1, 2024, the Member-Paid Employer Contribution will be reduced to zero (a 2.67% reduction).</li> </ul>	<p>increasing the City’s contribution to the full CalPERS employer rate.</p> <p style="text-align: right;">\$551,608</p> <p style="text-align: right;"><u>\$366,770</u></p> <p style="text-align: right;"><u>\$918,378</u></p>
Flexible benefits plan contribution	<p>The TA includes 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"> <li>• 2024 CPI increase between 2-4%</li> <li>• 2025 CPI increase between 2-4%</li> <li>• 2026 CPI increase between 2-4%</li> </ul>	<p style="text-align: right;">\$138,684</p> <p style="text-align: right;">\$144,231</p> <p style="text-align: right;"><u>\$150,000</u></p> <p style="text-align: right;"><u>\$432,914</u></p>
Floating holiday	<p>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.</p>	<p>No direct costs.</p> <p>Indirect costs related to reduced productivity and availability to the public.</p>
Call back pay	<p>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.</p>	<p style="text-align: right;">Estimated \$76,781 per year.</p>
Standby pay	<p>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. This replaces the flat rate of \$3.25 per hour assigned to standby duty.</p>	<p style="text-align: right;">Estimated \$151,080 per year.</p>
Allowance – Safety shoes	<p>The TA includes adjustments to the existing safety shoe allowance:</p> <p>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</p>	

Table 1: Tentative agreement items with financial impact to City		
Item	Description	Cost / (savings)
	employees going forward. b. The City will evaluate the potential for a voucher system to replace the current reimbursement system.	Approximately \$4,576 per year.
Allowance – Uniforms	The TA includes adjustments to the existing uniform allowance for police department personnel as follows: a. Communications and records personnel shall be paid an annual uniform allowance of eight hundred dollars (\$800) to be used for the purchase and maintenance of uniforms. This represents an increase of \$200. b. Community service officers, code enforcement officers, parking enforcement officers and the property and court specialist shall be paid an annual uniform allowance of one thousand and forty dollars (\$1,040.00) to be used for the purchase and maintenance of uniforms. This represents an increase of \$440. c. The uniform allowance is paid pro-rata on a biweekly basis. d. The City will provide rain gear for community service officers and parking enforcement officers whose work is primarily outdoors, in addition to the existing uniform jackets.	Approximately \$4,640 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.	\$200 per year.
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.
MOU language clean-up	The parties agree to clean-up additional language in the MOU for added clarity and standardization.	No-cost item.
<b>Total</b>	<b>Year 1</b>	<b>\$1,248,193</b>
	<b>Year 2, incremental</b>	<b>\$996,489</b>
	<b>Year 3, incremental</b>	<b><u>\$968,768</u></b>
	<b>Three-year contract term total</b>	<b>\$3,213,450</b>

The TA provides three years of stability and known increases for SEIU 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 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 budgeted 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 \$1,071,150. 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 to fully fund the terms of the successor MOU.

### **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 July 11.

### **Attachments**

A. Resolution to adopt the successor MOU with SEIU (July 11, 2023 – June 30, 2026)

Report prepared by:  
Brittany Mello, Administrative Services Director  
Marvin Davis, Interim Finance Director

**RESOLUTION NO. XXXX**

**RE RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MENLO PARK  
APPROVING AND ADOPTING THE COMPREHENSIVE MEMORANDUM OF  
UNDERSTANDING WITH SERVICE EMPLOYEES INTERNATIONAL UNION  
LOCAL 521 WITH A TERM OF JULY 11, 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 Service Employees International Union Local 521 (“SEIU”) expires on June 30, 2023; and

WHEREAS, Negotiators for the City and SEIU began the meet and confer process on April 6, 2023, and met nine times before reaching tentative agreement (TA) on a successor MOU on June 22, 2023; and

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

WHEREAS, the terms of the successor MOU make changes to the wages, a one-time lump sum payment in 2023, the CalPERS employee cost sharing agreement, flexible benefit plan contributions, a floating holiday, call back and standby pays, and various allowances, and has a term July 11, 2023 through June 30, 2026; and

WHEREAS, SEIU membership ratified the TA set forth in Exhibit A on or around June 30, 2023; and

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

1. City ratifies the TA with SEIU for a successor MOU with a term of July 1, 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 eleventh day of July, 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 July, 2023.

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Judi A. Herren, City Clerk

Exhibits:

A. Comprehensive successor MOU