City of Brisbane
Agenda Report

To: City Council via City Manager

From: Administrative Services Director

Subject: Adoption of Resolutions to approve Memorandums of Understandings with the following groups: Confidential Management, Executive Management, Confidential Employees, General, Police Officers Association, Police Commander and Police Chief. Approve pay rates for Hourly employees. Approve Second Amendment to the City Manager's Contract.

Date: July 14, 2016

Purpose:

Ensure the community continues to receive excellent service by retaining and attracting exceptional employees in a financially prudent manner.

Recommendation:

Adopt Resolutions 2016-24 through 2016-31 approving Memorandums of Understandings for employee groups, and pay rates for hourly employees. Approve the second amendment to the City Manager's contract.

Background:

In December 2013 through March 2014, City Council approved Memorandums of Understanding for all bargaining groups other the Police Officer Association. These Memorandums of Understanding expired on June 30, 2016. The Police Officer Association did not have a Memorandum of Understanding and were working under their contract provisions which expired in 2008.

In June 2015 the City signed an agreement with L.B. Hayhurst and Associates to perform a compensation study for the City. The compensation study reviewed the total compensation of Brisbane employees and compared it with the total compensation of similar employees in San Mateo County. The study showed on average Brisbane was below the median salary paid for similar positions in other cities. Although Brisbane paid near the top for health insurance, which decreased this differential, it did not fully compensate for the discrepancy of a number of positions in Mid-Management, Police, Fire, Department Heads, and some General Employee Association employees.

City Council met with its labor relations team in January of 2016 to provide guidance as it related to the negotiations for the current contract term. The labor relations team for the City, which consists of the Deputy City Manager, Principal Analyst, and Jon Holtzman, contract negotiator from the Public Law Group, met with the various bargaining groups regarding a new contract which would start on July 1, 2016.

The labor relations team met with City Council, to keep them apprised of the negotiations and sought additional direction as necessary.

Discussion:

Salary

The basic contract approved by the bargaining groups provide for a three year contract with salary increases of 3% a year which take effect on the first full pay period in July. Additionally, there will be a 2% increase granted on June 30, 2019 (the last day of the contract) in recognition of the results of the total compensation survey.

The variations are as follows:

Police: Since the police were working under their existing 2001-2008 contract they did not receive any pay raises granted over the last two years, but have been receiving the highest HMO rate for their flexible compensation plan benefit. The highest HMO rate available is higher than the rest of the employees received in flexible compensation plan contributions. Therefore, their contract calls for a 3.5% increase in 2016 and 2017 and a 3% increase in 2018 plus the 2% on June 30, 2019. However, they will not get any increase in flexible compensation plan benefits in 2017 and 2018. They will receive the same 4% increase as other employees will get in flexible compensation plan benefit in 2019.

Police Commander: In recognition of taking on additional duties in the oversight and establishment of the Code Enforcement function within the Police Department, the position will receive an additional 5% increase. Additionally, the Commander will receive only a 2.5% increase in 2016 and then a 3% in 2017, both of which will become effective with the first full pay period in July of that year. The Commander will also get a 3% increase which becomes effective in the first full pay period in January of 2018 instead of July. The 2.5% increase 2016 will offset the additional cost in 2018.

City Manager: The City Manager's 3% increase will not be effective until the first full payroll period in November of 2016, 2017, 2018. This will save the City approximately $1,600 a year compared to if it was provided at the same time as other employees.

Health

The City contributes the base amount required by PERS for health insurance and supplements this with a contribution to an employee's flexible compensation plan. The last contract the City settled with all employees other than Police provided a defined contribution to the flexible compensation plan. Any health premium amount above the contribution the employee needed to pay, and any amount below the contribution the employee could use for his/her flexible spending account, deferred compensation program, or receive as cash (as specified within the IRS code). The amount the City contributes to the plan is based on whether the health insurance plan the employee picked was single, single plus 1, or family coverage.

The old contract increased the amount the City paid based on an increase in the rate for Kaiser Health Insurance. It allowed up to a 6% increase in any given year and a minimum of 5% which may or may not have been carried over to the following year based on a cost sharing plan. The Police Officer Association, which did not sign a contract in 2013, received an amount equal to the cost of the highest HMO health plan (this is higher than what the rest of the employees received).

The new contract calls for an annual 4% increase in contribution to the flexible compensation plan, for each of the next 3 years, regardless of any increase in Kaiser. This provides the City with a guaranteed rate for the next three years allowing the City to have more certainty in budgeting.

The Police Officer Association has a slightly different variation. They will receive no increase in the contribution to their cafeteria plan in 2017 and 2018. They will receive a 4% increase in 2019.

Fiscal Implications

The cost of the 3% increase in 2016/17 is approximately $266,000 a year, the increase in 2017/18 is approximately $277,000 a year, the increase in 2018/19 for the 3% is approximately $285,000 a year, and the final 2% is approximately $291,000 a year. The first two increases are included as part of the two year budget. The City will budget for the remaining two increases as part of its next two year budget cycle. The 4% increase in flexible compensation plan benefits will cost the City approximately $68,000 in Calendar Year 2017, $71,000 in Calendar Year 2018, and $73,000 in Calendar Year 2019. The 4% increase was anticipated at the time of the budget and is included in the currently adopted two year budget.

These fiscal implications include both Fire and Mid-management/Professional groups as well. However their agreements are not included at this time as those groups are still going throught their due process for group ratification. We anticipate bringing their agreements forward at the next council meeting in September.

Future increases will be included in the next budget which will be reviewed and adopted in June 2018.

Measure of Success

Reach agreement with the various bargaining groups which protect the City's long-term interests.

Attachments

Resolution 2016-24 – Police Officers Association
Resolution 2016-25 – General Employees Association
Resolution 2016-26 – Confidential Management Group
Resolution 2016-27 – Confidential Employees Group
Resolution 2016-28 – Executive Management Group
Resolution 2016-29 – Police Chief
Resolution 2016-30 – Hourly Pay Scale
Resolution 2016-31 – Police Commander Association
City Manager's Second Amendment to Employment Agreement

Stuart Schillinger
Deputy City Manager

City Manager
Clay Holstine