

City of Brisbane

Agenda Report

To: City Council via City Manager

From: Administrative Services Director

Subject: Adoption of Resolutions to approve Memorandums of Understanding with the following groups: Mid Management/ Professional Employees Group and International Association of Firefighters, Local 2400, AFL-CIO

Date: September 1, 2016

Purpose:

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

Recommendation:

Adopt Resolutions 2016-32 through 2016-33 approving Memorandum of Understandings for employee groups.

Background:

In December 2013 through March 2014, City Council approved Memorandums of Understanding for all bargaining groups other than the Police Officer Association. These Memorandums of Understanding expired on June 30, 2016.

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 the Brisbane paid near the top for health insurance which decreased this differential when total compensation was taken into account. Although, it did not fully compensate the discrepancy for a number of positions including Mid-Management/Professionals and IAFF, Local 2400 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, contact 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.

On July 14, 2016 City Council approved agreements with all groups other than Mid Management/Professional and Fire. Due to timing issues these groups were not able to have the proposed agreements reviewed and ratified by their members. Since that time this has been done.

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 3% increase would be retroactive to the first full pay-period in July 2016 to be consistent with the agreements signed in July.

Health

The City contributes the base amount required by PERS for health insurance and supplements this with a contribution to an employee's cafeteria plan. The last contract the City settled with all employees other than Police provided a defined contribution to the cafeteria plan. Any amount above the contribution the employee needed to pay 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 cafeteria plan is based on whether the health insurance plan the employee picked was single, single plus 1, or family.

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 spending account, 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.

Fiscal Implications

As reported in the staff report in July 2016 the cost of the 3% increase city-wide in 2016/17 is approximately \$266,000 a year, the increase in 2017/08 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 were 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 spending account will cost the City approximately \$68,000 in Calendar Year 2017, \$71,000 in Calendar Year 2018, and \$73,000 in Calendar Year 2019 for all employees. The 4% increase was anticipated at the time of the budget and is included in the currently adopted 2 year budget.

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

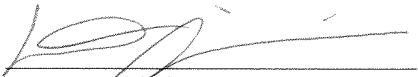
Measure of Success

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

Attachments:

Resolution 2016-32 – Mid-Management/Professional Employees Group

Resolution 2016-33 – International Association of Firefighters, Local 2400, AFL-CIO



Stuart Schillinger
Administrative Services Director



Clay Holstine
City Manager