



STAFF REPORT

AGENDA NO: 10b

MEETING DATE: November 18, 2019

To: Honorable Mayor and City Council

Date: November 18, 2019

From: Sonya M. Morrison, Human Resources Director – (650) 558-7209

Subject: Adoption of a Resolution Authorizing the City Manager to Execute a Side Letter Agreement to the AFSCME Local 829 Maintenance Unit, Make an Amendment to the Compensation and Benefit Plan for the City of Burlingame Department Head and Unrepresented Classifications, and Adopt a New Salary Schedule

RECOMMENDATION

Staff recommends that the Council adopt the attached resolution authorizing the City Manager to execute a side letter agreement for the AFSCME Local 829 Maintenance Unit Memorandum of Understanding (MOU), modify the Compensation and Benefit Plan for the City of Burlingame Department Head and Unrepresented Classifications, and adopt the Salary Schedule for the City of Burlingame regular merit and casual classifications.

BACKGROUND

The AFSCME Local 829 Memorandum of Understanding (MOU) is set to expire on June 30, 2022 and includes terms and conditions of employment for the employees of the Maintenance Unit. The Compensation and Benefit Plan ("Plan") for the City of Burlingame ("City") Department Head and Unrepresented Classifications covers the department head and unrepresented classifications in the City. Representatives for the City and the AFSCME Local 829 Maintenance Unit have met and conferred, as required by law, on the issue of telephone standby pay and have reached agreement to codify the existing informal practice and capture it in a side letter to the MOU. The Department Head and Unrepresented Unit is not a represented bargaining unit, and no meet and confer obligations exist for this unit.

The existing Memoranda of Understanding between the City and its various bargaining groups, the Department Head and Unrepresented Classification Compensation and Benefit Plan, and the resolution governing unrepresented casual classifications across the City have scheduled increases effective the first pay period in 2020 (effective date of December 23, 2019). These increases have been previously authorized by Council. In accordance with Brown Act regulations, changes to executive compensation, which includes changes for all department head classifications, cannot be adopted on consent.

Senate Bill 3 (SB 3) increased the minimum wage in California to \$13 per hour, effective January 1, 2020. SB 3 mandates annual increases to \$14 per hour in 2021, and \$15 per hour effective

January 1, 2022. Annual increases beyond this will be tied to the national consumer price index for urban wage earners and clerical workers (CPI-W). However, the minimum wage cannot be lowered, even if there is a negative CPI, and the highest raise allowed in any one year is 3.5 percent. The new minimum wage requires the City to evaluate those positions with salaries lower than this and adjust the rate to comply. These positions are part of the casual salary schedule.

DISCUSSION

The current practice for the AFSCME Local 829 Maintenance Unit at the Corporation Yard when a non-exempt employee is contacted after hours to conduct City business is to compensate the individual for either one or two hours of overtime (depending on what time of the night the employee is contacted). The City has an obligation to compensate individuals for time worked outside their normal shift at their overtime rate. The City has developed this specific pay practice over time and it is meeting the City's operational needs while compensating employees for the afterhours work appropriately. The City and the AFSCME Local 829 Unit met and conferred about the current practice and agreed to formalize it to ensure consistency of application and practice. Items relating to compensation of employees should be codified in the MOU and adopted appropriately by City Council.

The department heads are the only employee group that have life insurance tied to their annual salary (to a maximum of \$250,000). This is administratively burdensome under the current systems and processes, creates technical issues for programming the City's new financial system, and creates an unequal benefit across the unit. The City proposes to simplify the administration of this benefit, and to create benefit equity across the unit by setting the life insurance benefit to a flat rate of \$250,000.

The California Minimum Wage (SB 3) increases impact two casual classifications in the City, the Recreation Leader I classification in the Recreation Department and the Summer Crew Leader classification in the Public Works Department. Step A of both classifications will be below the minimum wage, and if there are any incumbents in Step A of either classification at the time, those individuals will be moved into Step B. There are currently no incumbents in the Summer Crew Leader position, and there are 18 individuals at Step A of the Recreation Leader I classification. Typically, employees in these classifications would be eligible to move to Step B before the summer programs start in 2020 if they do not reach the hours threshold to move up a step before then. Step A is \$12.54/hour, and Step B is \$13.17/hour. Step A of both classifications will be deleted, and new hires into the classification will be at Step B.

The City is required to have the salary schedule adopted as a stand-alone document by the governing board each time there is a change to the schedule. The existing negotiated increases, effective with the first pay period in 2020, created a new salary schedule. The new salary schedule, once approved by the City Council, will be made available to the public via the City of Burlingame website.

FISCAL IMPACT

The fiscal impact of the minimum wage changes is approximately \$5,300. The fiscal impact of the change to the amount of life insurance for department head classifications is \$826 per fiscal year.

The current department budgets are adequate to cover the cost of these proposed changes; no amendments to FY 2019-20 budget are required.

Exhibits:

- Resolution
- Side Letter to the AFSCME Local 829 Maintenance Unit
- Compensation and Benefit Plan Amendment for the City of Burlingame Department Head and Unrepresented Classifications
- Salary Schedules