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Report regarding a resolution to approve one-year extensions to the Memorandums of Understanding between the City of South San Francisco and AFSCME Local 829, Teamsters Local 856 (Confidential Unit and Mid-Management Unit), and IUOE Local 39, including a three percent (3%) wage increase effective July, 2020 (Leah Lockhart, Human Resources Director)

RECOMMENDATION

Staff recommends that City Council approve a resolution authorizing the City Manager to execute agreements with AFSCME Local 829, Teamsters Local 856 and IUOE Local 39 to provide for one-year extensions of the respective Memorandums of Understanding and a three percent (3%) wage increase effective July, 2020.

BACKGROUND/DISCUSSION

The City's full-time workforce is organized into seven (7) represented bargaining units, and one unrepresented unit for at-will executive management employees. The City negotiates and administers Memorandums of Understanding (MOUs) with each represented unit to provide for wages, hours, and terms and conditions of employment in accordance with the Meyers-Millias-Brown Act (MMBA). Last fall, City Council gave direction to City staff to commence negotiations with the four labor groups whose MOUs were scheduled to expire on June 30, 2020. Under the parameters set by Council, the City began negotiations with the American Federation of State, County and Municipal Employees Local 829 ("AFSCME"), Teamsters Local 856 Mid-Management unit and Confidential unit, and the International Union of Operating Engineers ("IUOE") Local 39. These units represent the vast majority of the City's non-public safety workforce across ten operating departments.

Several meetings were held with labor groups between December and March. However, in the course of negotiations, the COVID-19 pandemic crisis evolved rapidly, dramatically altering conditions for both the City's finances and the ability of staff and labor representatives to conduct meaningful, comprehensive MOU negotiations. Given both the limitations on ability to conduct negotiations due the local State of Emergency and

a County-wide Shelter-in-Place order, as well as the resulting financial uncertainty faced by the City, Council gave direction to staff to negotiate a one-year extension with an across-the-board wage adjustment with each unit. Designated City representatives met and conferred with each labor group and reached tentative agreement on terms for a one-year extension of each current MOU.

The agreements extend the term of the MOUs by one year, expiring on June 30, 2021. Each agreement also contains a provision for a three percent (3%) across-the-board wage increase effective the first pay period of July, 2020. This amount is consistent with the scheduled wage increase for the City's three public safety employee units and executive management unit, whose MOUs and compensation plan remain in effect through June 30, 2022. By granting the same adjustment to employees represented by AFSCME, Teamsters, and IUOE, the City can maintain relative equity across the City's workforce. Staff recognizes that the economic impact of the COVID-19 crisis will result in significant revenue losses for the City, the full impact of which remains uncertain. However, staff have worked collaboratively to develop budget recommendations for fiscal year 2020-21 to address the immediate revenue loss while still maintaining an appropriate compensation package for employees in light of increased cost of living over the past year. In addition, this short-term extension provides the City with additional time to monitor and evaluate the full fiscal impact of COVID-19 prior to resuming full MOU negotiations for changes to wages and benefit packages, potentially with multi-year agreements.

FISCAL IMPACT

Three percent (3%) wage adjustment represents an increase of approximately \$600,000 to the City's total operating budget, of which approximately seventy percent (70%) will be allocated to positions within the City's General Fund. These amounts are factored in to the proposed 2020-21 budget which will be presented to Council next month.

RELATIONSHIP TO STRATEGIC PLAN

The recommended MOU extension agreements supports the strategic initiative of Workforce Development, by maintaining a competitive compensation package to attract, retain, and reward employees, and the strategic initiative of Fiscal Sustainability, by providing a short-term commitment to employees while the full financial impact of the COVID-19 crisis continues to be assessed.

CONCLUSION

Staff recommends that Council adopt a resolution approving one-year extensions of the Memorandums of Understanding between the City and AFSCME, Teamsters, and IUOE, in order to allow time for full assessment of the financial impacts of COVID-19 and, in the interim, provide for a wage adjustment equal to that which will be granted to other employee groups.