TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: HUMAN RESOURCES

DATE: DECEMBER 12, 2005 CMR: 449:05

SUBJECT: APPROVAL OF RESOLUTIONS TO ADOPT A MEMORANDUM OF AGREEMENT FOR SEIU REPRESENTED HOURLY PERSONNEL AMENDING THE MERIT SYSTEM RULES AND REGULATIONS AND ADOPTING A NEW COMPENSATION PLAN FOR REPRESENTED HOURLY EMPLOYEES (SEIU HOURLY UNIT)

RECOMMENDATION

Staff recommends Council approval of the attached resolution amending the Merit System Rules and Regulations to incorporate the new Memorandum of Agreement for Service Employees International Union, Local 715 (SEIU) Represented Hourly Personnel effective for the pay periods including July 1, 2005 through April 30, 2006, as well as approval of the attached resolution adopting a new Compensation Plan for Represented Hourly Employees in the SEIU Hourly Unit.

BACKGROUND

On August 18, 2004, SEIU submitted a petition for representation of the City’s Hourly employees. Hourly employees are used as a contingent workforce and provide a valuable resource for the City, with Community Services and the Library Department particularly dependent on this group of employees. Hourly employees last received a 3% pay increase in July 2002.

Once the City received the petition for representation, negotiations began to determine exactly what classifications would be covered under this new bargaining unit. On November 10, 2004, a final definition of the bargaining unit was established. SEIU was then able to demonstrate employee support equal to 58% of the eligible employees within the proposed unit which made SEIU legally recognized as having exclusive authority to negotiate wages, hours, and working conditions on behalf of the proposed employee unit. The City and SEIU entered into negotiations in December, 2004 and have reached agreement on the terms for a memorandum of agreement. The key issues presented to the City by SEIU included sick leave, job security and basic health care.

DISCUSSION

Upon Council approval, the attached agreement for the SEIU Represented Hourly unit will be retroactive to July 1, 2005. Key items in the agreement include:
1. Definition of the Hourly Unit: Hourly employees will be in the bargaining unit while the employee is employed by the City of Palo Alto if:

   a) The employee is hired to work in a covered classification with the expectation of working an average of eight (8) hours per week over eleven (11) pay periods for a minimum of four hundred and sixteen (416) hours in a fiscal year.

   Or

   b) The employee actually works in a covered classification for an average of eight (8) hours per week over eleven (11) pay periods for a minimum of four hundred and sixteen (416) hours in any fiscal year beginning fiscal year 2003/2004.

The SEIU Represented Hourly unit includes employees that work on a continuous basis and specifically excludes those hired to work on an intermittent or seasonal basis. Hourly employees whose employment does not fall within the definitions outlined in (a) or (b) above will covered in the Hourly Employee Compensation Plan.

2. Salary: A 4% increase effective July 1, 2005 is proposed for all represented hourly employees. Provisions for step increases for hourly personnel upon initial completion of 416 hours or six months, whichever occurs first, from date of hire with efficient and effective service are also proposed, along with provisions for salary review annually following completion of probationary period.

3. Benefits: Each employee will accrue sick leave at .03 hours for each hour worked. A maximum of 15 hours per year of sick leave may be used to care for family members, including a registered domestic partner. Sick leave will not be paid out upon termination. In lieu of health benefits, each employee will receive $1.97 per hour in paid status as a medical stipend. The City and Union will continue to investigate the feasibility of providing employee with access to medical insurance. The medical stipend will be paid retroactive to May 1, 2005.

4. Employment Rights: Employees in the SEIU Represented Hourly unit will no longer be considered “at will” employees once they have successfully completed their probationary period. The probationary period consists of 1400 hours of continuous service or two years of continuous service in a designated classification. A defined grievance procedure has been agreed to. Layoff provisions include bumping rights and a reemployment list.

5. Miscellaneous Contract Costs: Hourly employees who worked after July 1, 2005 and were terminated prior to approval of the contract will receive an adjustment in pay for any hours worked to reflect the 4% salary increase.
RESOURCE IMPACT

The annual costs for the proposed Memorandum of Agreement are estimated to be $250,000. These costs consist of a salary increase, uniform costs, a stipend for health care and sick time benefits. The $250,000 is within the authorization limits established by Council. Funds to cover the cost of the contract are included in the 2005-06 Adopted Budget, therefore a budget adjustment is not required.

POLICY IMPLICATIONS

The action recommended by this report is consistent with City Council direction.

ENVIRONMENTAL REVIEW

This is not a project under the California Environmental Quality Act (CEQA).

ATTACHMENTS

Attachment A – Resolution Amending the Merit System Rules and Regulations to Add Chapter 19 to Incorporate by Reference a Memorandum of Agreement for Represented Hourly Employees (SEIU Hourly Unit)

Attachment B - Resolution Adopting a New Compensation Plan for Represented Hourly Employees (SEIU Hourly Unit)

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