



# City of Palo Alto

## City Council Staff Report

(ID # 5143)

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**Report Type: Action Items**

**Meeting Date: 10/6/2014**

**Summary Title: Policy discussion about conducting open session for Management & Professional Compensation Plan**

**Title: Policy Discussion on Whether to Conduct a Closed Session Prior to an Open Session to Discuss the 2014-2015 Management & Professional Compensation Plan; Possible Referral to Policy & Services Regarding Closed/Open Session Practice for Compensation Matters**

**From: City Manager**

**Lead Department: Human Resources**

### **Recommendation**

Staff recommends that the City Council:

- 1) Continue the current practice of discussing appropriate elements of the FY 2015 proposed Management & Professional Compensation Plan ("Plan") in closed session as permitted under the Ralph M. Brown Act ("Brown Act"), followed by a presentation, discussion and adoption of the Plan in open session as an Action Item.
- 2) Refer to the Policy and Services Committee the discussion of alternatives regarding the use and sequence of closed and open sessions for discussing compensation and benefits changes for the various labor groups and the unrepresented Management and Professional group.

### **Executive Summary**

Council voted on September 22, 2014 not to follow its traditional practice of holding a scheduled closed session to review its position on recommended compensation and benefits changes for the unrepresented Management and Professionals employee group with instructions to the City's representative (City Manager), in advance of conducting an open session on the matter. Instead, Council agreed to consider on Oct. 6 the City's policies and practices regarding the use and sequence of closed and open sessions to consider compensation and benefits changes.

### **Background**

The Brown Act, Gov. Code Sections 54950 through 54963, requires local government bodies to meet in public to discuss items of business, take public input and take action. The Brown Act provides exceptions for certain topics that may be discussed in closed sessions. One such exception is salaries, compensation and benefits for represented and unrepresented employees

(and other matters within the scope of representation for represented employees). A city council may meet in closed session to review its position on these matters and instruct its designated representative. Final action on these matters must be taken in open session.

At the September 22 City Council meeting, Council voted not to hold a scheduled closed session to discuss recommended compensation and benefits changes of the unrepresented management and professionals employee group. Instead, Council agreed to consider on Oct. 6 the City's policies and practices on the use and sequence of closed and open sessions, prior to scheduling discussion on the Management and Professional Compensation Plan for FY 2015.

### **Discussion**

Of the cities in the San Francisco Bay area, almost all treat salary discussions in the same manner as Palo Alto has historically done, with discussion of salary and benefits recommendations in Closed Session, followed by negotiations or consultations, and ultimately discussion and adoption of changes in Open Session. Based on a preliminary review, only the City of San Jose has experience with public discussion of compensation in open session, applying to both represented and unrepresented employees. This practice was instituted as San Jose wrestled with annual \$100 million plus budget shortfalls during the Great Recession.

Staff recommends referring this discussion to Policy and Services to further evaluate the San Jose process, allow sufficient time to collect experiences from other cities and School Districts, research other relevant trends, explore the policy and practical implications of a change in process, and review the procedures that would apply if a change is contemplated for represented groups.

Following the Council's direction on September 22, the City Manager met with employee representatives on the Management Compensation Committee. There was significant concern expressed about this potential change in direction and that unrepresented employees were being singled out and treated differently from other employee groups. Added to the fact that the Management and Professional Compensation decisions again this year trailed decisions made for SEIU, the contrast between going last on compensation decisions but going first on such a policy change was not well received. Staff expressed that they thought this should be a larger policy discussion related to all employees. That said, a timely decision on FY 2015 compensation for this group (we are already in the second quarter of the fiscal year) would be in order. For these reasons the City Manager recommends proceeding with the closed session for direction on Management/Professional compensation for FY 2015, followed by an open session, with the open/closed session on labor/compensation policy for all employee groups referred to Policy and Services Committee.

### **Timeline**

If Staff's recommendation is accepted, Staff intends to return to closed session regarding compensation and benefits changes for the Management and Professional employee group on Nov. 17, to be followed thereafter by an open session.

Further, if procedures for conducting closed and open sessions regarding labor negotiations and compensation are referred to the Policy and Services Committee, staff suggests adding this to the agenda for the December 9, 2014 committee meeting

**Resource Impact**

Resources required for this policy discussion will be absorbed by existing Staff.

**Policy Implications**

**Environmental Review (If Applicable)**

This item is not a project subject to environmental review.