



DATE: September 18, 2023

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Brian Cochran, Assistant City Manager
Aman Kaur, Senior Human Resources Analyst

SUBJECT: Resolution Ratifying the Side Letter Agreement Reached by the Duly Authorized Representatives of the City of Petaluma and the American Federation of State, County and Municipal Employees, Units 1, 2, and 3

RECOMMENDATION

It is recommended that the City Council adopt the attached Resolution Ratifying the Side Letter Agreement Reached by the Duly Authorized Representatives of the City of Petaluma and the American Federation of State, County and Municipal Employees, Units 1, 2, and 3.

BACKGROUND

The American Federation of State, County and Municipal Employees (AFSCME) is the exclusive representative for Units 1, 2 and 3. The existing Memoranda of Understanding (MOU) is effective July 1, 2020 through June 30, 2024. The existing MOU was ratified by City Council on June 21, 2021, Resolution No. 2021-109 N.C.S., and includes a “Me Too” provision requiring the parties to meet and confer over any new total compensation (i.e., cost of living adjustment) and benefit increases the City agrees to with the Petaluma Professional and Mid-Managers Association (PPMMA). The provision excludes market equity adjustments. Tonight’s agenda includes an item ratifying an extended MOU for PPMMA which includes higher COLAs and longevity pay for PPMMA bargaining units compared to AFSCME. Pursuant to Section 6.1 – “Me Too” of the AFSCME MOU, the City and AFSCME concluded their mutual obligation to meet and confer in good faith with respect to the application of equivalent increases for AFSCME bargaining units. Subsequently, the parties agreed to an extension of the term of the contract, through 2026, cost of living adjustments (COLA) throughout the remaining term of the agreement, a total compensation study during the term of the agreement, and longevity pay. Additionally, the parties agreed to various contract language cleanup for purposes of clarity, efficiency, and compliance. All changes to the MOU are memorialized in the attached Side Letter Agreement (SLA) attached as Exhibit A to the Resolution.

DISCUSSION

In completing the required meet and confer pursuant to Section 6.1, the parties agreed to various changes to the existing MOU including wages, longevity pay, contract language cleanup, and an extension of the contract through June 30, 2026.

Terms of the SLA include:

- An extension of the term of the MOU through June 30, 2026;
- Cost of living adjustments (COLA) as follows:
 - 2023 (First full pay period following July 1, 2023) – 4.0%¹
 - 2024 (First full pay period following July 1, 2024) – 3.0%
 - 2025 (First full pay period following July 1, 2025) – 3.0%
- A total compensation benchmark study in 2025 to provide information for successor MOU negotiations;
- Longevity Pay of five percent (5%) for employees with fifteen (15) years of service with the City.

The recommended action ratifies terms of the SLA negotiated by the two parties, attached to the Resolution as Exhibit A.

PUBLIC OUTREACH

This agenda item appeared on the City’s tentative agenda document on September 11, 2023, which was a publicly-noticed meeting.

COUNCIL GOAL ALIGNMENT

The ratification of this action aligns with the City Council Goal of “A City That Works For Everyone.” This objective includes recruiting, hiring, retaining, and advancing a workforce that is diverse, representative, skilled, talented, and prepared to meet the demands of a full-service City.

ENVIRONMENTAL REVIEW

The proposed action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Section 15378(b)(4), in that, approving this action does not meet CEQA's definition of a “project,” because the action does not have the potential for resulting either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment, and because this is a personnel-related action that constitutes organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

¹ Replaces the negotiated COLA of two percent (2%) in the existing MOU.

FINANCIAL IMPACTS

Terms with known estimated costs include:

- The annual estimated costs with regard to COLAs as shown above are:
 - 4% COLA in 2023 – estimated cost of \$520,088 in fiscal year 23-24, \$137,021 allocated to the General Fund and \$383,067 to Non-General Funds.
 - 3% COLA in 2024 – estimated cost of \$405,669 in fiscal year 24-25, \$106,877 allocated to the General Fund and \$298,792 to Non-General Funds.
 - 3% COLA in 2025 – estimated cost of \$417,838 in fiscal year 25-26, \$110,083 allocated to the General Fund and \$307,755 to Non-General Funds.
- Longevity Pay – estimated cost of \$113,000 in the first year, \$16,950 allocated to the General Fund and \$96,050 to Non-General Funds.

ATTACHMENTS

1. Resolution
2. Exhibit A (AFSCME SLA)