

Brettle, Jessica

From: Rice, Danille
Sent: Thursday, April 18, 2019 2:50 PM
To: Council, City
Cc: ORG - Clerk's Office; Council Agenda Email; Shikada, Ed; Flaherty, Michelle; Gaines, Chantal; Tanner, Rachael; Stump, Molly; Portillo, Rumi
Subject: April 22 Council Agenda Questions for Items 6 & 8



Council Question Response

Dear Mayor and Council Members:

On behalf of City Manager Ed Shikada, please find below the staff responses to inquiries made by Council Member Tanaka and Council Member Cormack in regard to the April 22, 2019 Council Meeting agenda.

- Item 6: Contract Amendment 3 for BKF Engineers to Increase Compensation by \$44,885.50
- Item 8: Adoption of MOA for SEIU 521

Item 6: Contract Amendment 3 for BKF Engineers to Increase Compensation by \$44,885.50 *(Questions provided by Council Member Tanaka)*

1. **How much extra time was needed to satisfy the Caltrans requirements?**
 The additional work that resulted in the contract amendment took place over a period of about 6 months. The encroachment permit application was first submitted to Caltrans for review and comment in January 2018 and the project design was completed in August 2018 after some coordination with Stanford and City review.
2. **How many people worked on the design and studies of the area?**
 The BKF Engineering team and all of their sub consultants for the whole project totaled to approximately 10 people. The City staff assigned to the project design and project management were a City Project Engineer and the Chief Transportation Official.

Item 6: Contract Amendment 3 for BKF Engineers to Increase Compensation by \$44,885.50 *(Question provided by Council Member Cormack)*

1. **This approval is to authorize \$44,885.50 for work that has already been completed. When did Caltrans ask for the additional work and when did the consultant complete it?**
 The additional work that resulted in the contract amendment took place over a period of about 6 months. The encroachment permit application was first submitted to Caltrans for review and comment in January 2018 and the design of the project was completed in August 2018. Staff originally planned to address

this amendment as part of advancing the project to construction. However, as grade separation studies progressed it became clear the project would be on hold for an extended period such that this amendment needed to be addressed separately.

Item 8: Adoption of MOA for SEIU 521 *(Questions provided by Council Member Tanaka)*

1. **For every \$1M in salary increases awarded to City MISCELLANEOUS employees--what is the impact on the UAL (Unfunded Accrued Liability). In other words, what is the UAL increase/\$1M of increased regular salary?**
The impact on the UAL is based on the % of increase and not tied to a dollar amount. This is a complex calculation involving numerous assumptions. The City's budget office can undertake this calculation, should Council wish to direct the budget office to do so.
2. **Hiring difficulties was mentioned as a difficulty in attracting workers, but given the retention rate of employees that the city has, and the number of employees needed, doesn't this reflect a broader shortage in workers, not a failure to attract them?**
The City's hiring difficulties for hard to fill positions reflects several key factors; (1) competition from other municipalities; (2) competition from private sector employers; (3) overall job market and low unemployment rates in the region, and (4) lack of qualified/skilled applicants within certain industries.
3. **If hiring workers is the problem, doesn't creating signing bonuses increase the likelihood that they are employed? Isn't this a cheaper long term option that doesn't require the increasing of salaries?**
Signing bonus can be an effective tool within certain labor markets. The City's recent experience with signing bonuses has not shown them to be effective in combating the current hiring challenges.
4. **It was mentioned in the contract that there is a breadbasket of other cities, and how much they paid their employees. For pay and total benefits, how does the City of Palo Alto compare to that group?**
Council's direction was to place Palo Alto at the median of the market for pay and total benefits including retiree medical. As such, Palo Alto is at the median of the comparison group of cities.
5. **Is this pay raise across the board, regardless of their performance?**
The general wage increases are across the board and not related to performance. Performance is addressed on an individual employee basis within the City's established Merit Rules system.
6. **Why are there 20%+ increases to certain jobs?**
The City is currently facing critical staffing shortages in positions that maintain our Utility infrastructure. These classification are critical to the ongoing safety of our system and are in high demand across the state and the country. For those hard-to-fill positions, Council provided authority to provide recruitment and retention adjustments, which in some cases brought total increases above 20%.

7. What percentage of the employees are represented by SEIU, and how does the pay of unionized workers compare to nonunionized?

SEIU represents 580 full time equivalent classifications or 55% of the total City workforce. The City has 7 different unionized labor groups all with different MOA's governing their salary and benefits. The only unrepresented City employees are department heads, Council Appointed Officers, and non-utility management employees.

Thank you.



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