



# City of Palo Alto

## City Council Staff Report

(ID # 9843)

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**Report Type: Consent Calendar**

**Meeting Date: 12/10/2018**

**Summary Title: Adoption of MOA for UMPAPA**

**Title: Adoption of a Memorandum of Agreement Between the City of Palo Alto and Utilities Management and Professional Association of Palo Alto**

**From: City Manager**

**Lead Department: Human Resources**

### **Recommendation**

Staff recommends that Council adopt a new Memorandum of Agreement (MOA) between the City of Palo Alto and the Utilities Management and Professional Association of Palo Alto (UMPAPA) effective upon adoption through June 30, 2019.

### **Background**

As a local public agency, the City of Palo Alto is required under California State law to meet and confer in good faith with its recognized labor organizations to reach agreements regarding wages, hours and other terms and conditions of employment<sup>1</sup>. The teams of negotiators, including City representatives comprised of outside counsel, Human Resources staff and management representatives, met with labor representatives in good faith and successfully reached a tentative agreement.

A summary of the agreement terms is included in this report and the proposed Memoranda of Agreement are attached as exhibits.

The Utilities Management and Professional Association of Palo Alto (UMPAPA) formally petitioned for recognition as an employee association in November of 2009. UMPAPA consists of 48 budgeted full-time positions, covering all supervisory and management level classifications within the Utilities Department. Classifications such as Sr. engineers which

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<sup>1</sup> The Meyers-Milias Brown Act (MMBA), adopted in 1968 as Government Code 3500, establishes the legal framework under which the public agency and labor organizations are required to meet and confer in good faith. As defined in the MMBA, the Memoranda of Agreement is a legally binding contract between the parties.

oversees the construction, updating, and building of our critical Utility infrastructure, Sr. Resource Management classifications that run our overall commodity purchasing and long term strategies, as well as our front line supervisor who oversee the day to day operation of our utilities.

Since petitioning for recognition in 2009, the City and UMPAPA met through several rounds of bargaining, but the parties have previously not been successful in establishing the bargaining group's first Memorandum of Agreement.

Since a Memorandum of Agreement had not been established since the inception of UMPAPA, in June 2013 Council unilaterally imposed terms and conditions on UMPAPA. The imposed terms included wage adjustments for UMPAPA employees. After the imposed terms, the City and UMPAPA have continued to negotiate. However, since 2013 this bargaining unit has not received any general wage increases or changes to medical premiums or other benefits.

At present, the Utilities department is experiencing a high number of vacancies and voluntary departures. Key leadership positions within Water, Gas, Wastewater, Engineering and Operations division have been hard to recruit and retain over the past 3 years. UMPAPA employees have also experienced compaction with the positions that they supervise, as the front-line employees represented by SEIU 521 have consistently received increases while UMPAPA salaries have remained flat since 2013 due to the lack of an agreement. In some cases, a front-line employee would receive less salary if they promoted to a supervisor represented by UMPAPA.

## Discussion

For the most recent round of negotiations from 2017 to the present, Council prioritized several key principles to address in negotiations with UMPAPA;

**(1) Recruitment and Retention** -- The City worked with an outside classification and compensation consultant<sup>2</sup> to evaluate the market and appropriate pay to be competitive. This analysis was focused on finding the appropriate place within the Utility marketplace for Palo Alto to recruit and retain qualified employees.

In addition to the market study referenced above, the City's Human Resources department conducted an analysis of internal alignment of management positions across the City, as additional data points to determine appropriate increases. HR's review indicated that since 2013, the unrepresented Management and Professional unit (positions not in UMPAPA) received average base wage increases of 2.5% per year.

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<sup>2</sup> Ralph Anderson LLC

**(2) Cost Containment** -- To address the City's long-term financial security and to limit the City's exposure to spikes in medical and/or pensions costs, the parties agreed that employees would make additional contributions to the retirement system (CalPERS) consistent with other miscellaneous bargaining units. Additionally, the City capped the contribution to medical premiums; this cap is consistent with other bargaining units.

**(3) Management Rights** -- It is important that executive leadership within the City retain the right to decide the scope and nature of service delivery within the organization, discipline procedures, annual merit increases, and in range salary adjustments.

Some features of the tentative agreement reached between the parties include:

- Upon Adoption by Council, a 12% base Salary increase;
- Medical contributions are capped, this will replace previous 90% City/10% Employee cost-share model;
- Re-alignment of classification within job families creating clear lines of succession and promotion and streamlining future market studies;
- Employee contribution of 1% of Salary towards CalPERS retirement costs in addition to member contributions.<sup>3</sup>
- Discipline process appealable to the City Manager per the Merit rules; and
- Grievance process for contractual disputes referred to neutral outside arbitration

After nine years without a Memorandum of Agreement, this tentative agreement is intended to address the City's need to recruit top talent, incentivize progression within the Utility ranks for succession planning and set the framework for positive negotiations for future successor contracts.

### **Resource Impact**

The marginal cost of this memorandum of agreement is anticipated to be \$1.11 million. If the additional cost associated with calculating the normal cost at a 6.2 discount rate for the Fiscal Year 2019 pension rates were included, the marginal cost would be approximately \$1.14 million, or 2.7 percent more. The entirety of UMPAPA is budgeted in enterprise funds, including the Electric Fund, the Gas Fund, the Water Fund, and the Wastewater Collection Fund. Since no UMPAPA positions are budgeted in the General Fund, this Memorandum of Agreement will not have an impact on the General Fund. Since the contract with MOA will only be in effect for the remainder of FY 2019, approximately six months of the fiscal year, the costs in FY 2019 are anticipated to be \$677,000.

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<sup>3</sup> Member contribution for classic miscellaneous employees is traditionally 8%. Total employee contribution under this MOA would be 9% of salary.

At the time the FY 2019 Operating Budget was developed, the memorandum of agreement with UMPAPA was nearing its final stages. Based on the status of negotiations at the time, the FY 2019 Adopted Operating Budget included assumptions for anticipated salary and benefit increases for UMPAPA. Sufficient funding is available in the Utilities enterprise funds for these increases and salary and benefit adjustments were factored into the calculation of the FY 2019 rate forecasts for the various utilities. Although the MOA expires June 30, 2019, the ongoing impacts of these increases will need to be factored into the development of the FY 2020 Operating Budget and discussed as part of the FY 2020 Budget development process.

### **Policy Implications**

This contract is consistent with the City's Guiding Labor Principles adopted by Council on April 9, 2012.

### **Environmental Review**

Approval of a contract with MOA affecting the wages, hours and working conditions of City employees is not a project under the California Environmental Quality Act (CEQA).

### **Attachments:**

- Summary of Terms
- UMPAPA MOA 18-19 Unsigned

**Utilities Management and Professional Association (UMPAPA) Summary of Terms  
Tentative Agreement Reached on November 5, 2018**

*This summary of terms is not inclusive of all changes proposed in the attached memorandum of agreement but a high level overview. Other sections and items were/may have been amended as cleanup or to conform to updated legal definitions.*

**Summary of Terms**

MOA Section	Description								
TERM	Expires June 30, 2019								
Article 6, Section 1, Compensation	12% Effective the First full pay period Following Ratification.								
Article 6, Section 1 and 3	Creation of Job families with structured compensation ranges allowing for clear lines of succession and career paths. Streamlined market study process by use of benchmark classification for future market studies.								
Article 7, Section 1, (b) Active Employee Medical	<table border="1"> <thead> <tr> <th>Medical Premium Category</th> <th>Maximum City Contribution Effective Jan 1, 2019</th> </tr> </thead> <tbody> <tr> <td>EE only</td> <td>\$840</td> </tr> <tr> <td>EE plus one</td> <td>\$1680</td> </tr> <tr> <td>EE plus family</td> <td>\$2180</td> </tr> </tbody> </table>	Medical Premium Category	Maximum City Contribution Effective Jan 1, 2019	EE only	\$840	EE plus one	\$1680	EE plus family	\$2180
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Article 7, Section 1, (e)	Update and align retiree medical with other represented and unrepresented City employees offering a 90 day opt in to the 22893 CalPERS retiree medical plan.								
Article 8, Deferred Comp	The City will no longer provide management excess benefit, instead the city will match employee contributions to City sponsored 457 plans up to a maximum of \$4500. No combination of City or employee funds can exceed IRS limits.								
Article 11, (D) Retirement Pensions	In addition to paying the full member contribution to pensions, employee's covered by the memorandum will contribute an additional 1% of salary towards the employer's pension contributions.								
Article 13 Grievance Procedure	Disputes over the contents of this agreement and this agreement alone, will be referred to a neutral third party whose decision will be final and binding. Discipline will continue to be governed by the internal City Merit Rules which is appealable up to the City Manager, whose decision is final.								
Appendix A	Updated Salary schedule with job families, and compensation ratios.								
Appendix B	Reserves the right for either party to appeal the final decision related to PERB case No. SF-CE-1413.								

CITY OF PALO ALTO

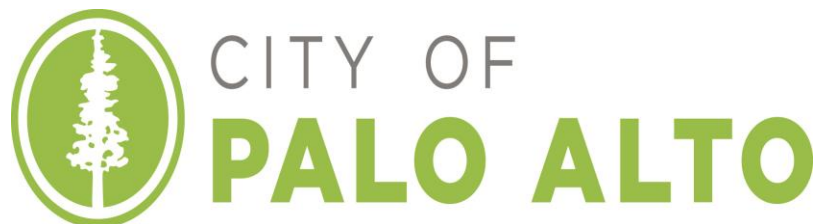
# Memorandum of Agreement

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City of Palo Alto and Utilities Management and  
Professional Association of Palo Alto

**Effective dates:**

**December 10, 2018 – June 30, 2019**



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**PREAMBLE**

This memorandum of Agreement between the City of Palo Alto, hereinafter referred to as the “City”, and the Utilities Management and Professional Association of Palo Alto (UMPAPA), hereinafter referred to as the “Association” or “UMPAPA”, has been prepared and entered into in accordance with Title I, Division 4, Sections Chapter 10, 3500-3510 of the California government Code and Chapter 12 of the City of Palo Alto Merit System Rules and Regulations.

**ARTICLE I – RECOGNITION**

The City recognizes the Association as the exclusive representative of employees occupying positions in the bargaining unit certified by the City in accordance with the decision of Arbitrator Kagel dated April 13, 2011.

**ARTICLE II – NO DISCRIMINATION**

The Association and the City hereby agree that there shall be no discrimination because of race, color, age, handicap, sex, national origin, sexual or gender orientation, political or religious affiliation under this Agreement. There shall be no discrimination in employment conditions or treatment of employees on the basis of membership or non-membership in the Association, or participation in the lawful activities of the Association.

**ARTICLE III – PAYROLL DUES DEDUCTION**

The City shall deduct Association member dues, and any other mutually agreed upon payroll deduction from the bi-weekly pay of bargaining unit employees. The dues deduction must be authorized in writing



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by the employee on an authorization form acceptable to the City and to the Association. City shall remit the deducted dues to the Association as soon as possible after deduction.

**ARTICLE IV – WORK STOPPAGE AND LOCKOUTS**

The Association, its representatives or members shall not engage in or cause, instigate, encourage, sanction or condone a work stoppage or sympathy work stoppage, withholding of services, leave of absence abuse or work slowdown of any kind against the City of Palo Alto or its citizens by its members during the term of this MOA. No Association member shall refuse to cross any picket line in the conduct of the Utility business, nor shall the Association, its representatives or members discriminate in any way towards anyone who refuses to participate in a work stoppage or any of the job actions cited above. The City agrees that it will not lock out Association members.

**ARTICLE V – CITY RIGHT TO MANAGE**

The City retains and reserves, without limitation, all powers, rights, authority, duties, and responsibilities to manage the City as stated in the City Merit Rules, Chapter 12, Section 1207(d).

Nothing in this Agreement is to be interpreted as constituting a waiver of the City's rights and responsibilities to manage the City and create and maintain programs and services that reflect its public's wishes. The intent of this MOA is to establish wages, working hours, and conditions of employment with the Association.

**ARTICLE VI – Compensation**

**Section 1 – Job Families and Salary Schedule**

Effective the first full pay period following adoption of this Memorandum by Council, all salaries of covered classifications shall be as listed in Appendix A.

Appendix A shall clearly outline benchmark classifications for future total compensation surveys and for the purposes of internal alignment of the Association job families and career paths.

If in the process of implementing the new job families and salary schedule any individual employee's salary would be reduced, that employee will remain at their current salary until a time when the salary listed in Appendix A is equal to their current salary. The employee will then receive all future increases as negotiated and consistent with Appendix A.

During the term of this agreement, the parties agree to establish a jointly-staffed benchmark committee to continue ongoing discussing regarding Job families, survey entities and other appropriate factors related to Association salaries and total compensation. All recommendations or research conducted by the committee will be included in the next bargaining process.

**Section 2 – Base Salary Increases**

Effective the first full pay period following adoption of this Memorandum by Council, the salary schedule in appendix A will be increased by twelve (12%) percent.

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The methodology for implementing these increases will be to increase the benchmarked positions within each job family by the base salary increase, and then adjust the linked positions based on their differential from the benchmarked position. Each individual salary will be increased by the same percentage as the percentage increase of the current maximum to the new maximum.

**Section 3 – Market Based Adjustments**

The City will conduct a total compensation study based on the following sixteen (16) Cities:

Alameda	Daly City	Mountain View	San Mateo
Anaheim	Fremont	Redwood City	Santa Clara
Berkeley	Hayward	Roseville	South San Francisco
Burbank	Long Beach	San Jose	Sunnyvale

The City’s total compensation study will include a geographic adjustment for cities which are outside of the immediate region. Those cities receiving a geographic adjustment are: Anaheim, Burbank, Long Beach, and Roseville. For the purposes of recruiting and retaining employees within the Utility market place, the parties will add to the survey universe data from Pacific Gas and Electric (PG&E) Bay Area region where data can be found. For the term of this agreement, where PG&E data cannot be verified or acquired the parties agree to include an above-median comparator for the purposes of determining benchmarks.

The City’s survey is intended to provide a single source of information regarding compensation paid to bargaining unit employees and its comparison to compensation paid by other entities. The survey data does not obligate the City or the Association to propose or agree to any market based adjustments.

**ARTICLE VII – HEALTH BENEFITS**

**Section 1 – Group Insurance**

**a) Effective Date of Coverage**

For newly-hired regular employees coverage begins on the first day of the month following date of hire for the health plan, dental plan, vision care plan, long term disability and life insurance plans if these benefits are elected. Effective on the first of the calendar month falling sixty (60) days after adoption of this MOA, City health premium contributions (medical, dental and vision) will be prorated for part-time employees based on the number of hours per week the part-time employee is assigned to work. Until that time, part-time employees will remain subject to the practice in effect at adoption of this MOA.

**b) Active Employee Health Coverage**

During the term of this MOA, the maximum City contribution towards medical premiums for eligible full time employees per employee category shall be up to a maximum of the following for any plan:

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Medical Premium Category	Maximum City Contribution Effective Jan 1, 2019
EE only	\$840
EE plus one	\$1680
EE plus family	\$2180

For the duration of this MOA if the PEHMCA Minimum charges increase they will be included in the City's maximum contribution and will not result in an increase to the City's maximum contribution rates.

**c) Coverage for Domestic Partners.**

1. Domestic Partnership Registered with the California Secretary of State: Employees may add their domestic partner as a dependent to their elected health plan coverage if the domestic partnership is registered with the Secretary of State.
2. Domestic Partner Not Registered with the California Secretary of State; Domestic partners who meet the requirements of the City of Palo Alto Declaration of Domestic Partnership , and are registered with the Human Resources Department, will be eligible for a stipend of two hundred and eighty four dollars (\$284) per month toward the cost of an individual health plan. Evidence of premium payment will be required with request for reimbursement.

**d) Alternative Medical Benefit Program**

If a regular employee and/or the employee's dependent(s) are eligible for medical insurance through another employer-sponsored or association medical plan, the employee may opt for alternative medical insurance coverage through the other employer-sponsored or association plan and waives his/her right to the City of Palo Alto's medical insurance coverage for same individuals. Employees waiving City coverage may receive a stipend of \$284 per month.

**e) Retiree Health Plan**

- a. Employees Hired Prior to January 1, 2004

Monthly City-paid premium contributions for a retiree-selected health plan through the CalPERS Health Benefits Program will be made as provided under the Public Employees' Medical and Hospital Care Act. The City's contribution for an employee hired before January 1, 2004 and whose retirement date is on or after May 1, 2011 shall be the same contribution amount it makes from time to time for active City employees.

- b. Post - 1/1/04 Hires

Government Code section 22893 applies to those Unit members hired after January 1, 2004, and provides that, upon retirement from the City an employee is eligible for 50% of the specified employer health premium contribution after ten (10) years of service credit, provided at least five of those years were performed at the City of Palo Alto. After ten years of service credit, each additional service credit year increases the employer contribution percentage by 5% until, at twenty (20) years' service credit; the employee will be eligible upon retirement for 100% of the specified employer contribution and 90% of the contribution for their dependent coverage. The City of Palo Alto's health premium contribution for eligible post - 1/1/04 hires shall be the minimum contribution set by PERS under section Government

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Code section 22893.

- c. For employees hired prior to January 1, 2004 who wish to opt in to Government code section 22893. The City will offer a 90 calendar day period following adoption of this agreement by Council, in which employees hired prior to January 1, 2004 will have the opportunity to opt in to Government code section 22893.

f) **Dental Plan**

1. The City shall pay covered plan charges on behalf of all eligible employees and dependents. Dependents include eligible domestic partners as defined in Section 1 subsection c of this Article VII, Health Benefits.
2. The City's Dental Plan provides the following:
  - a. Maximum Benefits per Calendar Year- \$2,000 per person
  - b. Lifetime Maximum for Orthodontics- The City will pay up to \$2,000.00 for orthodontia coverage (not included in annual dental maximum)
  - c. Major Dental Services 50% UCR\*
  - d. Orthodontics 50% UCR\*
  - e. Basic Benefits (All other covered services)
    - i) First Calendar Year of Eligibility 70% UCR\*
    - ii) Subsequent Calendar Years 70%-100%
    - iii) \*Usual, Customary, and Reasonable
    - iv) For each dental plan member, the percentage of coverage for basic benefits will begin at 70% for the first calendar year of coverage and increase by 10% (up to a maximum of 100%) effective the first day of the next calendar year as long as the member utilizes the plan at least once during the current year. Per the Delta Dental contract effective October 1, 2005, if the member does not use the plan during the current year, the percentage of coverage for the next calendar year shall remain unchanged from the current year.
    - v) If a dental plan member loses coverage under the plan, the applicable percentage of coverage for basic benefits provided during any future period of coverage will commence at 70% as if the dental plan member was a new enrollee. Examples of when a member might lose coverage under the plan include:
      - Employee goes on an unpaid leave of absence and elects not to pay the required dental premiums for his/her family's coverage during the leave.

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- Employee elects to drop one or more covered dependents from the plan during an open enrollment period so that they might be covered on a spouse's non-City of Palo Alto dental plan.

**g) Vision Care**

1. The City shall provide vision care coverage for employee and dependents. Coverage is administered by Vision Service Plan (VSP). The plan will provide an exam every 12 months; lenses every 24 months; frames every 24 months, all subject to a twenty dollar (\$20) co-payment as defined in the Vision Services Benefits Plan A schedule.
2. Dependents include eligible domestic partners as defined in Section 1, Subsection c of this Article VII, Health Benefits.

**h) No dual coverage for dental and vision benefits.** When a City employee is married to or has a registered domestic partner with the California Secretary of State with another City employee, each shall only be covered once. (as an individual or as a spouse of the other City employees, but not both) and dependent children, if any, shall be covered by only one spouse.

**i) Basic Life Insurance**

The City shall provide a basic group term life insurance with Accidental Death and Dismemberment (AD&D) coverage, in an amount equal to the employee's annual basic pay (rounded to the next highest \$1,000) at no-cost to the employee. AD&D pays an additional amount equal to the employee's annual basic pay (rounded to the next highest \$1,000).

**j) Supplemental Life And AD&D Insurance**

An employee may, at his/her cost, purchase additional life insurance and additional AD&D coverage equal to one- or two-times his or her annual salary. The maximum amount of life insurance available to the employee is up to \$325,000 and the maximum amount of AD&D coverage available is up to \$325,000.

**k) Long Term Disability Insurance**

The City shall provide long term disability (LTD) insurance with a benefit of 2/3 monthly salary, up to a maximum benefit of ten thousand dollars (\$10,000) per month. The LTD plan will have a waiting period of sixty days, as provided by the applicable carrier agreement. The City shall pay the premium for the first six thousand dollars (\$6,000) of base monthly salary. For employees whose base monthly salary exceeds six thousand dollars (\$6,000), the employee shall pay the cost of the required premium based upon their monthly salary between six thousand dollars (\$6,000) and fifteen thousand dollars (\$15,000).

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**l) Employee Assistance Plan**

The Employee Assistance Plan (EAP) provides employees with confidential personal counseling, work and family related issues, eldercare, substance abuse, etc. In addition, EAP programs provide a valuable tool for supervisors to refer troubled employees to professional outside help. This service staffed by experienced clinicians is available to employees and their dependents by calling a toll-free phone line twenty-four (24) hours a day, seven days a week. Guidance is also available online.

**Article VIII – Deferred Compensation Match**

Effective January 1, 2019 the City will match employee contributions into their City approved 457 plans up to a maximum of \$4000. No combination of Employee and Employer funds can exceed the IRS limits for City approved 457 plans. The table below is for illustrative purposes only:

Employee Contribution	Employer Matching Contribution
\$1,000	\$1,000
\$2,500	\$2,500
\$4,000	\$4,000
\$11,000	\$4,000

**ARTICLE IX – LEAVES**

**Section 1 – Sick Leave**

- a) Sick leave shall be accrued bi-weekly provided the employee has been in a pay status for 50 percent or more of a bi-weekly pay period. Sick leave shall be accrued at the rate of 3.7 hours per bi-weekly pay period for those employees working a forty-hour duty schedule. Those assigned work schedules, which are greater or lesser than forty hours will accrue sick leave at the ratio of their work schedule to forty hours.
- b) Employees may use up to twenty hours of sick leave per calendar year for personal business. The scheduling of such leave is subject to the approval of the appropriate level of Management.
- c) Employees leaving the municipal service shall forfeit all accumulated sick leave, except as otherwise provided by law and by Section 609 of the Merit Rules and Regulations. In the event that notice of resignation is given, sick leave may be used only through the day which was designated as the final day of work by such notice.
- d) Employees that were hired before December 1, 1983 and who leave the municipal service in good standing, or who die while employed in good standing by the city, and who have fifteen or more years of continuous service shall receive compensation for unused sick leave hours in a sum equal to two and one-half percent of their unused sick leave hours multiplied by their years of continuous service and their basic hourly rate of pay at termination. Full sick leave accrual will be paid in the event of termination due to disability. See Merit System Rules and Regulations, Chapter 6, Section 609.

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- e) Up to nine days of sick leave per calendar year may be used for illness in the immediate family, including a registered domestic partner.
- f) Employees eligible, as specified above if hired before December 1, 1983, to be compensated for sick leave may annually convert sick leave hours in excess of 600 to cash or deferred compensation, according to the formula set forth above, up to a maximum of \$2,000 per fiscal year.

**Section 2 – Management Annual Leave**

At the beginning of each calendar year designated exempt employees will be credited with 80 hours of management annual leave. This leave is granted in recognition of the extra hours exempt employees work over their regular schedule. This leave may be taken as paid time off, added to vacation accrual (subject to vacation accrual limitations), taken as cash or taken as deferred compensation. When time off is taken under this provision, 10-hour shift workers will receive one shift off for each 8 hours charged. Entitlement under this provision will be reduced on a prorated basis for part-time status, or according to the number of months in paid status during the fiscal year; employees who have used more than the pro-rated share at the time they leave City service shall be required to repay the balance or have it deducted from their final check. Unused balances as of the end of the calendar year will be paid in cash unless a different option as indicated above is elected by the employee.

**Section 3 – Vacation**

Vacation will be accrued when an employee is in pay status and will be credited on a bi-weekly basis. Total vacation accrual at any one time may not exceed three times the annual rate of accrual. Each eligible employee shall accrue vacation at the following rate for continuous service performed in pay status:

- a) Less than nine years. For employees completing less than nine years continuous service: 120 hours vacation leave per year; provided that:

The City manager is authorized to adjust the annual vacation accrual of employees hired on or after July 1, 2001, to provide up to 40 additional hours (i.e., to a maximum annual accrual of 160 hours) for service with a prior employer.

- b) Nine, but less than fourteen years. For employees completing nine, but not more than fourteen years continuous service; 160 hours vacation per year.
- c) Fourteen, but less than nineteen years. For employees completing fourteen, but not more than nineteen years continuous service; 180 hours vacation leave per year.
- d) Nineteen or more years. For employees completing nineteen or more years continuous service; 200 hours vacation leave per year.
- e) Employees are eligible to cash out vacation accrual balances in excess of 80 hours. An employee may cash out a minimum of eight (8) hours to a maximum of 120 hours of accrued vacation provided the employee has taken 80 vacation hours in the previous 12 months and has followed the election procedures set forth in this section.

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Employees must elect the number of vacation hours they will cash-out during the next calendar year, up to the maximum of 120 hours. The election will apply only to vacation hours that are accrued in the next calendar year and that are eligible for cash-out.

The election to cash-out vacation hours in each designated year will be irrevocable. This means that employees who elect to cash-out vacation hours must cash-out the number of accrued hours pre-designated on the election form.

Employees who do not elect a cash-out amount by December 31 of the prior calendar year will be deemed to have waived the right to cash out any leave in the following tax year and will not be eligible to cash-out vacation hours in the next tax year. Employees who elect cash-out amounts may request a cash-out at any time in the designated tax year by submitting a cash-out form to payroll. Payroll will complete the cash-out upon request, provided the requested cash-out amount has accrued and is consistent with the amount the employee pre-designated. If the full amount of hours designated for cash-out is not available at the time of cash-out request, the maximum available will be paid. For employees who have not requested cash-out of the elected amount by November 1 of each year, Payroll will automatically cash-out the elected amount, or the maximum available amount, in a paycheck issued on or after the payroll date including November 1.

### **Section 4 – Bereavement**

Leave of absence with pay of three days may be granted to an employee by the head of his/her department in the event of death in the employee's immediate family, which is defined for purposes of this section as wife, husband, son, son-in-law, step-son, daughter, daughter-in-law, step-daughter, mother, mother-in-law, father, father-in-law, brother, brother-in-law, sister, sister-in-law, grandmother, grandmother-in-law, grandfather, grandfather-in-law, grandchild, aunt, uncle, niece, nephew, registered domestic partner, or a close relative residing in the household of employee. Such leave shall be at full pay and shall not be charged against the employee's accrued vacation or sick leave. Requests for leave in excess of three days shall be subject to the approval of a Council-Appointed Officer for employees under his/her control.

### **Section 5 – All Other Leaves**

For all other leaves of absence refer to Chapters 5 and 8 of the City's Merit Rules and Regulations.

### **Section 6 – Vacation Benefits for Deceased Employees**

An employee who is eligible for vacation leave and who dies while in the municipal service shall have the amount of any accrued vacation paid to the employee's estate within thirty days. This proration will be computed at the last basic rate of pay.

### **Section 7 – Voluntary Leave Program**

If permitted by agreement between the City and the Association, members of the Association may participate in the "Voluntary Leave Program" to assist in maintaining the pay of an employee who is eligible by virtue of a qualifying catastrophic medical condition. Such participation, when authorized by City- Association agreement, shall be allowed only as long as the donors remain anonymous (unless disclosure is required by law).



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**ARTICLE X – WORKERS’ COMPENSATION**

**Section 1 – Employees unable to work due to occupational injury, illness or disease**

Employees unable to work due to occupational injury, illness or disease will be required to report to management to discuss his or her status and ability to return to work on restricted or unrestricted duty, subject to the limitations imposed by applicable law. This requirement is not meant to unreasonably restrict employee’s activities while off work due to such incapacity as long as such activities are cleared by the treating physician, treating program or alternative treatment program and the employee is available for restricted or unrestricted duty as soon as medical clearance can be received.

**Section 2 – Temporary Disability**

While temporarily disabled, employees shall be entitled to use accrued sick leave for the first three (3) days following the date of injury and thereafter shall be paid full base salary for a period not to exceed fifty-seven (57) calendar days (including Saturdays, Sundays and Holidays), unless hospitalized, in which case employees shall be paid full base salary for a period not to exceed sixty (60) days from date of injury.

For any temporary disability continuing beyond the time limits set forth above, employees shall be paid two-thirds (66.66%) of their full base salary at the time of injury for the duration of such temporary disability in conformance with State law.

During the period of temporary disability, an employee’s eligibility for health, dental, life, LTD, or other insured program will continue with City contributions at the same rate as for active employees and vacation and sick leave benefits shall continue to accrue. In case of temporary disability beyond the time limits set forth above, sick leave and vacation benefits shall not be accrued.

**ARTICLE XI – RETIREMENT PENSION**

a) Employees hired before July 17, 2010

1. Retirement formula. Effective pay period inclusive of 1/6/07, the City’s Public Employees’ Retirement System (PERS) benefits changed to the 2.7%@ 55 formula for non-safety members (from 2% @55).
2. Employee contributions. Employees under the 2.7%@55 retirement formula will pay the full eight percent (8%) employee contribution.
3. Final compensation. Final compensation for purposes of retirement shall be as set forth in the City’s contract with CalPERS, including, when applicable, the Government Code Section 20692 Optional Benefit.

b) Employees hired on or after July 17, 2010.

1. Retirement formula. For miscellaneous employees hired on or after July 17, 2010, or on or after January 1, 2013 who are not subject to the pension formula in the Public Employees’ Pension Reform Act (PEPRA), the City offers the CalPERS retirement formula two percent (2.0%) of final salary at age sixty (60).

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2. Employee contributions. Employees under the 2%@60 retirement formula will pay the full seven percent (7%) employee contribution.
3. Final compensation. Final compensation for purposes of retirement shall be as set forth in the City’s contract with CalPERS, including, when applicable, the Government Code Section 20692 Optional Benefit or as required by law.

c) New Employees hired on or after January 1, 2013

Employees hired on or after January 1, 2013 who are “new members” as defined by the California Public Employees’ Pension Reform Act (PEPRA), will be subject to the terms of that statute including but not limited to the following provisions:

1. Retirement formula. Effective for employees hired on or after January 1, 2013, the PEPRA requires the City to provide new employees, as defined in that law, the CalPERS retirement formula two percent of final salary at age 62 (2%@62).
2. Employee contributions. Employees under the 2%@62 formula shall pay at least 50 percent of the total normal cost or the same contribution rate as “similarly situated” employees, whichever is higher.
3. Final compensation. Final compensation for employees under the 2%@62 benefit shall be as set forth in PEPRA, including calculation based on the average of three highest consecutive years and a cap on pensionable compensation (currently \$136,440) based on IRS limits for employers that do not participate in social security.

d) Effective as soon as administratively feasible but no sooner than the first full pay period of March 2019, bargaining unit employees shall contribute 1% of their salary toward the employer cost of retirement.

Pensions Group	Pension Formula	Employee Contribution	Contribution to Employer Side	Total Contribution from Employees
Group A	2.7@ 55	8%	1%	9%
Group B & C	2@60	7%	1%	8%
Group D	2@62	50% of the normal Cost (Currently 6.25%)	1%	Will fluctuate (Currently 7.25%)

e) Employee CalPERS contributions tax deferred. Employee CalPERS contributions shall be made on a tax deferred basis, in accordance with Section 414(h)(2) of the Internal Revenue Code. All provisions of this subsection are subject to and conditioned upon compliance with IRS regulations.

**ARTICLE XII – MISCELLANEOUS**

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**Section 1 – Reimbursement for Relocation Expense**

The City of Palo Alto, in rare instances, may, provide a Basic Relocation Benefits Package for new employees, upon the approval of the City Manager or designated subordinate. In addition, the provision of “Optional Benefits”, or portions thereof, may be extended for exceptional circumstances and only by approval of the City Manager or designee. The details of the Relocation Expense program are specified in the City’s Relocation Expense policy.

**Section 2 – Meal allowance**

Employees assigned to attend night meetings or who travel for business purposes are eligible to receive reimbursement as described by City policy. This provision covers only receipted meals actually taken and submitted for reimbursement.

**Section 3 – Reduction in Workforce**

The City will make every effort to provide written notice of its intent to lay off employees in this unit and will meet with Association upon request to discuss alternatives to layoff.

**Section 4 - Contracting Out**

- a. As provided in subsection b, the City shall provide notice of any planned action(s) that would result in the layoff of one or more Association bargaining unit members and where either of the following apply:
  - 1. The planned City action(s) is to contract out work historically and exclusively performed by Association bargaining unit members;
  - 2. The planned City action is to substantially increase the scope or amount of work historically but not exclusively performed by Association bargaining unit members (e.g. work shared with other City employees outside the Association bargaining unit or contractors).
- b. The City shall deliver written notice to the Association at least thirty (30) days before it implements any action(s) described in subsection a. Within seven (7) days after it receives such notice, the Association may deliver to the City’s Chief People Officer a written request to meet and discuss the effects of the City action(s). After the City’s receipt of such request, the parties will promptly meet and undertake discussions. The discussions will conclude no later than the thirtieth (30th) day following the Union’s receipt of the City’s notice of the planned action(s), as described above. Thereafter, the City may implement the action(s) without further discussion as originally planned or as modified as a result of such discussions. If the Association does not deliver timely notice of its desire to meet and discuss the effects of the action(s) identified in the City’s notice, the City may proceed with the planned action(s).
- c. The City retains its right to determine the methods, means, and personnel by which services are carried out at its sole discretion in circumstances not covered by subsection a above.

**Section 5- Association Security**

a) When a person is hired in any of the covered job classifications, the City shall notify that person that the Association is the recognized bargaining representative for the employee in said Association and

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give the employee a current copy of the Memorandum of Agreement.

b) Members of the Association Board may use a reasonable amount of on-duty time without loss of pay to meet with the City specifically related to representation of employees.

For purposes of this section, representation shall include:

(i) Meetings with represented employees or the City related to a grievance or disciplinary action, including investigation and preparation time.

(ii) Any meeting with the City related to benefits, working conditions or other terms and conditions of employment.

### **Section 6- Notification to the Association**

The Association shall be informed in advance in writing by the City before any proposed changes not covered by this Memorandum of Agreement are made in benefits, working conditions, or other terms and conditions of employment which require meet and confer or meet and consult process.

### **Section 7- Association Representative Access to Work Locations**

Employee and nonemployee representatives of the Association will be granted access to City work locations to conduct business related to the administration or negotiation of the parties' Memorandum of Agreement, as long as advance arrangements for such visits have been made with the affected department manager and no disruption of work occurs.

### **Section 8- Release Time**

The Association Chair, Vice-Chair or his or her-designee in the representation unit may use a reasonable amount of time without loss of pay for matters related to the bargaining process, labor relations, and administration of the MOA, violations of the MOA, grievances, disciplinary

### **Section 9- Personnel Files**

Records of all disciplinary actions shall be kept in the central personnel file. Employees shall be entitled to sign and date all action forms in their personnel files. Employees are entitled to review their personnel files upon written request or to authorize, in writing, review by their Association representatives. An employee shall be allowed, copies of materials in an employee's personnel file.

## **ARTICLE XIII – GRIEVANCE PROCEDURE**

### **Section 1 - General Provisions**

The City and the Union recognize that early settlement of grievances is essential to sound employee-employer relations. The parties seek to establish a mutually satisfactory method for the settlement of Union grievances as provided for below. In presenting a grievance the aggrieved and/or his or her representative is assured freedom from restraint, interference, coercion, discrimination or reprisal.

### **Section 2 – Definitions**

Grievance means an unresolved complaint or dispute regarding the interpretation or application of this Memorandum of Agreement, excluding however those provisions of this MOA which specifically provide that the decision of any City official shall be final, the interpretation or application of those provisions not being subject to the grievance.

### **Section 3 - Conduct of Grievance Procedure**

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- a) An aggrieved employee may be represented by the Union or may represent himself/herself in preparing and presenting a grievance at any level of review. No grievance settlement may be made in violation of an existing merit rule or memorandum of agreement.
- b) An employee and the representative steward, if any, may use a reasonable amount of work time so long as there is no disruption of work, in conferring about and presenting a grievance. Requests for release time to prepare grievances shall be made in advance and approved by the immediate supervisor.
- c) The time limits specified in this Article may be extended by mutual agreement in writing of the aggrieved employee or the Union and the reviewer concerned.
- d) Should a decision not be rendered within a stipulated time limit, the grievant may immediately appeal to the next step.
- e) The grievance shall be considered settled if the decision of any step is not appealed within the specified time limit.
- f) Grievances shall be made in writing and submitted on forms provided by the City. The written grievance shall contain clear, factual and concise language, including: (1) the name of the grievant; (2) a statement of the facts upon which the grievance is based, including relevant dates, times and places; (3) specific provisions of this Agreement the grievant alleges has been violated; (4) a summary of any steps taken toward resolution; and (5) the action the grievant believes will resolve the grievance.
- g) Any retroactivity on monetary grievances shall be limited to the date of occurrence, except in no case will retroactivity be granted prior to three months before the grievance was filed in writing.
- h) For purposes of time limits, "working days" are considered to be Monday through Friday, exclusive of City holidays.
- i) If a mutually agreed solution is reached during any step of this grievance procedure, the agreement shall be placed in writing and signed by the City and the grievant or union.
- j) Upon request of either party, meetings to discuss the grievance shall be held at any step in the grievance procedure.

**Section 4 - Grievance and Appeal Procedure**

Step I. Informal Discussion

Within fifteen (15) working days after the incident or discovery of the incident on which the grievance is based the aggrieved employee shall present the grievance action to his or her immediate supervisor and attempt to resolve the grievance through informal discussions. Every attempt will be made to settle the issue at this level.

Step II. Formal Grievance

If the grievance is not resolved through the informal discussion in Step 1 the employee will reduce the

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grievance to writing and submit copies to the Department head or his or her designee within fifteen (15) working days of the discussion with the immediate. The Department Head or designee shall have fifteen (15) working days from the receipt of a written grievance to review the matter and prepare a written statement.

### Step III. Human Resources Director

If the grievance is not resolved and/or the aggrieved employee is not satisfied with the Step II decision, the grievant may appeal to the Human Resource Director or his or her designee in writing within fifteen (15) working days of the receipt of the Department Head's response. The written appeal to the Human Resources level shall include a copy of the original grievance, the Department Head's decision at Step II, and a clear statement of the reasons for appeal. Within fifteen (15) working days, after receiving the written appeal, the Human Resource Director shall review the matter and prepare a written statement. If a mutually agreed solution is reached during this process the agreement shall be placed in writing and signed.

### Step IV. City Manager /Arbitration

If the grievance is not resolved at Step III, the aggrieved employee may choose between final and binding resolution of the grievance through appeal to the City Manager or through appeal to final and binding arbitration. For the term of this Memorandum of Agreement, appeals to final and binding arbitration may be processed only with Union approval. All Step IV appeals must be filed in writing at the Human Resources Department Office within fifteen (15) working days of receipt of the Human Resource Director's decision at Step 3.

If the grievant or appellant elects final and binding resolution by the City Manager, the City Manager will choose the methods he or she considers appropriate to review and settle the grievance. The City Manager shall render a written decision to all parties directly involved within fifteen (15) working days after receiving the grievant/appellant's appeal.

If the grievant/appellant elects final and binding arbitration in accordance with this provision, the parties shall mutually select an arbitrator. In the event the parties cannot agree on an arbitrator, they shall mutually request a panel of five arbitrators from the California State Conciliation Service or from the American Arbitration Association if either party objects to the State Conciliation Service, and select an arbitrator by the alternate strike method.

The arbitrator shall have jurisdiction and authority only to interpret, apply, or determine compliance with the provisions of this Memorandum of Agreement. The arbitrator shall be without power to make any decision contrary to, or inconsistent with or modifying in any way, the terms of this Memorandum Of Agreement. The arbitrator shall be without authority to require the City to delegate or relinquish any powers which by State law or City Charter the City cannot delegate or relinquish. Copies of the arbitrator's decision shall be submitted to the City, the aggrieved employee and the Union. All direct costs emanating from the arbitration procedure shall be paid in full by the party in which the decision was found against.

## **ARTICLE XIV – FULL UNDERSTANDING**

### **Section 1 – Full Understanding**

The Memorandum of Agreement contains the full and entire understanding of the parties regarding the matters set forth herein.

Memorandum of Agreement Between Utilities Management and Professional Association of Palo Alto and the City of Palo Alto effective until June 30, 2019

**Section 2 – Severability**

If, at the conclusion of any applicable appeals, any provision of this Memorandum of Agreement is ultimately held invalid and unenforceable by a decision of the relevant Court or Administrative Agency of competent jurisdiction such holding shall apply only to the provision(s) of this Memorandum of Agreement specified in the decision. Such decision shall not invalidate any other portion of this Memorandum of Understanding, and the unaffected provisions shall remain in full force and effect. The Parties agree that within ten (10) days after the date of such decision, they shall meet and confer in an effort to negotiate a substitute for the invalidated provision(s).

**Section 3 – Good Faith**

Ordinances, resolutions, rules and regulations enacted pursuant to this Memorandum of Agreement that regulate matters within the scope of representation shall, to the extent they are within the scope of representation, be administered in good faith.

**Section 4 – Mid-Contract Negotiations**

Subjects within the scope of representation that are not covered by this Memorandum of Agreement remain subject to the duty to meet and confer in good faith on timely notice and request. Neither party is obligated to meet and confer over matters within the scope of representation covered by this Memorandum of Agreement, except for purposes of negotiating over the terms of a successor to this Memorandum of Agreement.

**Section 5 – Merit System**

Merit System Rules and Regulations, during the term of this Memorandum of Agreement, Management may propose certain changes in the City Merit System Rules and Regulations. With regard to such changes which pertain to the representation unit, the parties agree to review, and upon request, meet and confer regarding the changes. (TA)

**ARTICLE XV-DURATION**

This Memorandum of Agreement shall become effective once the Memorandum of Agreement is signed by the parties hereto and adopted by the City Council. This Memorandum of Agreement shall remain in effect through June 30, 2019. At the request of either party negotiation of a successor agreement shall commence, however they should begin no sooner than 6 months prior to expiration of this agreement and no later than 3 months prior to the expiration of this agreement.

For the City:

For the Association:

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James Keene, City Manager

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Jim Bujtor, UMPAPA President

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Ed Shikada, City Manager (Appoint)

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Jim Pachikara, UMPAPA Vice-President

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Rumi Portillo, Human Resources Director

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Tom Auzenne, UMPAPA Negotiator

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Irene Silipin, Sr. HR Administrator

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Karla Dailey, UMPAPA Negotiator

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Steve Guagliardo, OMB Director

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Alan Davis, UMPAPA Outside Counsel

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Nick Raisch, Manager Employee Relations

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Dave Yuan, UMPAPA Negotiator



Appendix A- UMPAPA Salary Schedule

Adoption By Council

Differential to BM*	Benchmarked Position	Aligned Positions	Job Families		Base Wage Increase	
			Current Max	New Max (1)	Base Wage	New Max (2)
<b>Operations</b>						
31.00%		AD Operations	\$ 219,822.00	\$ 209,722.09		\$ 234,888.74
15.00%		Electric Operations Mgr      WGW Operations Mgr	\$ 184,753.20	\$ 184,107.18		\$ 206,200.04
0.00%	Utilities Supervisor		\$ 160,093.20	\$ 160,093.20	12.0%	\$ 179,304.38
-25.00%		Utl Safety Officer	\$ 120,806.40	\$ 120,069.90		\$ 134,478.29
<b>Resource Planning</b>						
31.00%		AD Resource Planning	\$ 219,823.20	\$ 220,774.82		\$ 247,267.80
0.00%	Senior Resource Planner		\$ 168,530.40	\$ 168,530.40	12.0%	\$ 188,754.05
-10.00%		Telecom Manager	\$ 166,807.20	\$ 151,677.36		\$ 169,878.64
-10.00%		Manager UPS	\$ 151,507.20	\$ 151,677.36		\$ 169,878.64
<b>Engineering</b>						
31.00%		AD Engineering	\$ 219,823.20	\$ 226,136.92		\$ 253,273.35
15.00%		Electric Engineering Manager      WGW Engineering Manager	\$ 188,672.40	\$ 198,517.14		\$ 222,339.20
0.00%	Senior Electrical Engineer		\$ 172,623.60	\$ 172,623.60	12.0%	\$ 193,338.43
0.00%		Compliance Mgr	\$ 184,503.60	\$ 172,623.60		\$ 193,338.43
0.00%		Senior Engineer	\$ 164,211.60	\$ 172,623.60		\$ 193,338.43
-10.00%		Supv Proj Engineer	\$ 148,960.80	\$ 155,361.24		\$ 174,004.59
-10.00%		Supv Proj Elec Engineer	\$ 160,417.20	\$ 155,361.24		\$ 174,004.59
<b>Customer Support Services</b>						
31.00%		AD Customer Support	\$ 197,858.40	\$ 198,474.43		\$ 222,291.36
0.00%	Manager Customer Service	Manager Utl Credit Collections	\$ 151,507.20	\$ 151,507.20	12.0%	\$ 169,688.06
<b>Administrative</b>						
31.00%		Utl Strategic Business Mgr	\$ 188,672.40	\$ 186,833.77		\$ 209,253.82
0.00%	Mgr Communications		\$ 142,621.20	\$ 142,621.20	12.0%	\$ 159,735.74
	Aligned to M&P	Principal Business Analyst	\$ 146,432.00	\$ 142,621.00	Note 2	\$ 176,508.80
	Aligned to M&P	Senior Business Analyst	\$ 136,843.20	\$ 136,843.20	Note 2	\$ 154,107.20
	Aligned to M&P	Senior Management Analyst				
	Aligned to M&P	Administrative Assistant	\$ 93,828.80	\$ 90,729.60	Note 2	\$ 93,017.60

Note 1: \*BM stands for Benchmark and is associated with the selected classification that establishes increases for a given job family

Note 2: These classification are aligned to Management and Professional group due to matching classifications

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Appendix B

This agreement does not resolve and is without prejudice to compliance with a final decision by PERB in case No. SF-CE-1413. This paragraph is not intended to preclude the City from pursuing a petition for review in the court of appeal.