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June 15, 2015

FINDINGS AND RECOMMENDATIONS
PURSUANT TO
CALIFORNIA GOVERNMENT CODE 3505.4

In the Matter of a Controversy Between	)	
City of Palo Alto	)	
Employer	)	
and	)	Collective Bargaining Impasse
SEIU Local 521	)	Factfinding
Union	)	PERB Case No: SF-IM-151-M

APPEARANCES:

For the Employer: Gina Roccanova, Attorney
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For the Union: Robert Szykowny, Attorney
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FACTFINDING PANEL:

Appointed by the Employer: Suzanne Mason, Assistant City Manager
City of Palo Alto

Appointed by the Union: Nick Raisch, Area Director
Service Employees International Union Local 521

Neutral Chairperson: Paul D. Roose, Arbitrator and Mediator
Golden Gate Dispute Resolution

STATUTORY FRAMEWORK AND PROCEDURAL BACKGROUND

Under amendments to the Meyers-Milias-Brown Act that went into effect on January 1, 2012, and as amended again on January 1, 2013, local government employers (cities, counties, and special districts) and unions in California have access to factfinding in the event they are unable to resolve contract negotiations. At the request of the exclusive representative, the parties are required to go through a factfinding process prior to the employer implementing a last, best and final offer. In accordance with regulations put in place by the California Public Employment Relations Board (PERB), the exclusive representative can request factfinding either after mediation has failed to produce agreement or following the passage of thirty days after impasse has been declared. Each party appoints a member of the factfinding panel. A neutral chairperson is selected by PERB unless the parties have mutually agreed on a neutral chairperson.

Under the statute, the factfinding panel is required to consider, weigh and be guided by the following criteria in formulating its findings and recommendations:

1) State and federal laws that are applicable to the employer

2) Local rules, regulations, or ordinances

3) Stipulations of the parties

4) The interests and welfare of the public and the financial ability of the public agency

5) Comparison of the wages, hours and conditions of employment of the employees involved in the factfinding proceeding with the wages, hours and conditions of employment of other employees performing similar services in comparable public agencies

6) The consumer price index for goods and services, commonly known as the cost of living

7) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays, and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received

8) Any other facts, not confined to those specified in paragraphs (1) to (7), inclusive, which are normally or traditionally taken into consideration in making the findings and recommendations

Service Employees International Union Local 521 is the exclusive representative for the General Employees unit with the City of Palo Alto, California. The parties had a collective bargaining agreement

(CBA) in place at the time of this dispute. That agreement became effective December 1, 2013 and is set to expire December 1, 2015.

The City has six other represented bargaining units with CBA's. The city's total workforce ranges from 1200 to 1400 employees.

One of the classifications represented by the Union is community service officer (CSO). This classification, formerly designated as parking enforcement officer, is assigned to the city's police department. The primary duty of this non-sworn classification is the enforcement of parking rules and regulations, including issuing citations, within the city. There are nine CSO positions in the current year budget, eight of which are filled. This classification is the subject of the instant dispute.

In 2014, the Union learned that the Employer was proposing to implement a new Residential Parking Permit (RPP) program in downtown Palo Alto neighborhoods. On December 18, 2014, management and union representatives met for the first time about this plan. The Union expressed concerns that the City was intending to contract out permit sales and parking enforcement work to an outside vendor. The Union considered this to be work under its bargaining unit.

The parties conducted six "meet and confer"[1] sessions between February 4, 2015 and March 5, 2015. No agreement was reached. The Employer's Labor Relations Manager Melissa Tronquet then wrote a letter to the Union on March 23, 2015. The letter concluded with the following:

> The City has met and conferred in good faith with SEIU over its recommendation to contract out parking enforcement in the new RPP district. SEIU's failure to provide any new or substantive proposals in the past several meetings that are responsive to the City's needs demonstrates that the parties have a fundamental disagreement that further discussions will not resolve. As a result, the parties are at impasse and City plans to move forward with a recommendation to the City Council on or around April 20, 2015 to approve a contract for parking enforcement in the RPP.

What happened next is not completely clear from the record supplied to the factfinding panel. It appears that the Union contacted the California Public Employment Relations Board requesting the dispute be certified for factfinding under Government Code 3505. The Employer opposed this request, arguing that the matter was outside the scope of bargaining and that a single issue dispute within the context of an existing CBA was not an appropriate matter for MMBA factfinding. PERB rejected the Employer's objections and certified the matter for factfinding. On May 15, 2015, PERB notified the

[1] One of the disputed issues is whether these discussions between the parties fall under the rubric of collective bargaining or not, with the Employer taking the position that they do not. This report is characterizing these meetings as "meet and confer" since that was the label placed on these meetings by the City in its correspondence with the Union.

undersigned that the parties had selected him to be the chair of the factfinding panel in this matter pursuant to Government Code 3505. A hearing was set by mutual agreement to be held on May 29, 2015.

The panel convened on that date in Palo Alto and took on-the-record evidence and argument from both sides concerning the matter in dispute. The parties also requested that the neutral factfinder act as a mediator in assisting the parties in off-the-record discussions to attempt resolution of the matter. Accordingly, confidential mediation was also conducted on that date. Mediation efforts proved unsuccessful. The parties then went back on the record and submitted their final proposals and oral argument for the panel's consideration.

STIPULATED ISSUE

The parties submitted the following as a mutually-agreed stipulated issue statement for this dispute:

1. Should the City contract with its selected third party vendor to enforce parking restrictions in its trial downtown RPP program?

2. How should the parties resolve any identified impacts on the bargaining unit?

BACKGROUND TO THE DISPUTE

The City of Palo is located in Santa Clara County between San Francisco and San Jose. It has a population of approximately 67,000. The city is considered to be a part of the Silicon Valley and hosts world-renowned Stanford University. It is home base for many high-profile businesses such as Tesla Motors and Hewlett-Packard. City government provides a full range of services to its residents and businesses, including police and fire services. It has a general fund budget of about $171 million.

In recent years, Palo Alto residents who live in neighborhoods near the thriving downtown have been growing increasingly concerned about downtown workers parking on residential streets. At the same time, downtown businesses expressed concerns about the availability of parking spaces for their employees. Over a nine-month period in 2014, City staff worked with various stakeholders to come up with a plan to create a pilot parking permit program. Under Phase I of this proposed program, residents could apply for and receive a certain number of free permits, and downtown employees could purchase permits.

The City already has a parking permit program in the Stanford University area, which includes residential permits and guest passes. The program was created in 2009 as a result of residents' concerns about Stanford University staff and students and Facebook employees parking on residential streets during the day. The permit program, called the College Terrace program, is administered by City employees. Parking enforcement is conducted by SEIU-represented CSO's.

A second resident-only program exists in the Crescent Park neighborhood. Initiated as a 12-month trial in 2013, the program is not considered a true RPP program. However, it shares aspects of an RPP program, including the use of a hang tag parking permit. It is being extended for an additional year. This program is also enforced by CSO's.

The City Manager recommended to the City Council in a report December 1, 2014, that a citywide ordinance be passed that would establish a framework for RPP's. The report reads as follows:

> If the City-wide ordinance is approved, the College Terrace program would continue unchanged. However at a later date, the City could rescind the College Terrace ordinance and replace it with a resolution as envisioned by the citywide ordinance. Incorporating the College Terrace program into the citywide program would allow for more uniform enforcement.

The Employer acknowledged during the factfinding hearing that, potentially, the Downtown pilot program could be made permanent and that RPP more generally could be extended to additional City neighborhoods.

The proposed ordinance includes the following recommendation:

> Allowance for contract enforcement of RPP districts. Staff noted that enforcement costs for RPP districts could be significant, and recommend allowing for contract (non-city employee) enforcement if appropriate.

In the meantime, pending passage of the proposed ordinance, the City issued a Request for Proposals (RFP) for a new downtown RPP. The RFP included permit sales and enforcement duties, as well as other services. In regard to enforcement, the RFP states:

> Contract Parking Enforcement personnel will provide enforcement services for the Downtown RPP district, issuing parking citations to violators. The chosen contractor is expected to provide all equipment needed for enforcement operation, including but not limited to vehicles, handheld devices for uploading citation information and uniforms.

The City received three bids from contractors in November 2014 in response to the RFP. Two of the bids proposed to use two contractor employees for enforcement. The City considered these two

proposals "non-responsive" because the City believed that this was inadequate staffing. A third proposal, from Serco Inc., included four enforcement personnel. It also included supervisory personnel, background checks and a two-month implementation timeframe[2]. The Serco bid includes screening, hiring and training all project employees. It also provides uniforms, feedback and consulting services, two hybrid cars and four bicycles for use by enforcement officers. This proposal was accepted by the City.

In Serco's bid, the company claims that it currently performs this kind of work for many public jurisdictions, including some in California. The City's Transportation Planning Manager Jessica Sullivan spoke on the record at the hearing on behalf of the Employer. She said that she spoke at length with personnel at the City of West Hollywood, also a Serco parking enforcement client. The City did not obtain any information from any of the cited comparator jurisdictions in regard to any collective bargaining agreements with their unions that impacted this contracted out work one way or the other.

Ms. Sullivan did indicate that she learned that the City of Inglewood, CA, went through a "long difficult process" of phasing out bargaining unit work. The Employer's RFP was written, she asserted, with the intention of not doing that and keeping intact the existing unit work.

Phase I of the City's program has an initial six-month period, during which the program will be evaluated and refined in response to resident and employer input. It will then be modified and extended under Phase II for an additional year, or more. Implementation of the contract with Serco has been postponed while the impasse procedure is pending.

A City CSO, Gabriel Mora, attended the factfinding hearing and spoke on the record. Mr. Mora has seventeen years of experience as a CSO and as a parking enforcement officer, the CSO's predecessor job title. He stated that the title of the position changed four or five years ago, but that the duties remained the same. "We do 100% parking enforcement. Except once a week we rotate onto abandoned vehicle duty," Mr. Mora said. During the years he has been with the City, parking enforcement has always been performed exclusively by City parking enforcement officers / CSO's.

Mr. Mora also indicated that the CSO's currently enforce street sweeping restrictions in the areas now designated for the downtown RPP. Under the contracting-out proposal, the CSO's would continue to do so.

[2] The City's RFP called for the program to be operational within 60 to 90 days from contract award. The Serco bid says "…we feel confident in our ability to be operational within 60 days from the award of a contract."

Mr. Mora also stated that the CSO's enforce the existing RPP program in the Stanford University area. When the program first began four or five years ago, he said, the CSO's were issuing about thirty citations a day. Now, they issue only three or four citations a day.

In regard to the vehicles used in the existing parking enforcement program, Mr. Mora said that they use three-wheeled vehicles known as Go-4's. Mr. Mora stated that the CSO's do not use bicycles in their duties, but that some department police officers use bicycles.

The Union presented several proposals on how the City could do the Downtown RPP work with bargaining unit employees. In a new proposal presented to the City during the factfinding hearing, the Union asserted that it had devised a way of covering the new work with the existing workforce by implementing significant new technology citywide and reorganizing existing enforcement activities citywide. The City, however, communicated that this proposal did not address its priorities for the Downtown RPP.

RELEVANT CONTRACT PROVISIONS AND RELATED DOCUMENTS

The existing agreement between the parties contains several sections that are relevant to this dispute and provide context for the parties' negotiations over this issue.

Memorandum of Agreement

Article 1 – Recognition

Section 1 – Recognition. Pursuant to Sections 3500-3510 of the Government Code of the State of California and Chapter 12 of the City of Palo Alto Merit System Rules and Regulations, the City recognizes the Union as the exclusive representative of a representation unit consisting of all regular full and part-time employees in the classifications listed in Appendix A attached hereto. This unit, shall for purposes of identification, be titled the SEIU General Employees bargaining unit (hereinafter "General Unit).

Article III – Union Security

Section 13 – Contracting Out. The City through the labor management process will kept [sic] the Union advised of the status of the budget process, including any formal budget proposal involving the contracting out of SEIU bargaining unit work traditionally performed by bargaining unit members, where such contracting will result in layoff or permanent reduction in hours. Within the ninety (90) day period of contracting out, both parties may offer alternatives to contracting out and meet and confer on the impact of such contracting out of a bargaining unit employee work. The City will notify the Union in writing when contracting out work which has been traditionally performed by bargaining unit workers, where such contracting out is expected to replace a laid off bargaining unit position that has been eliminated within ninety (90) days prior to the date of the planned contract work. When feasible, the City will provide such notice prior to the beginning

date of the planned contract work. The City will meet with the Union upon request to discuss alternatives. This provision does not apply to the filling of temporary vacancies of twelve (12) months or less duration. The City will provide the Union with a biannual list by department of all contract workers or vendors who are contracted by the City who perform work for the City. The City will make a reasonable effort to identify the names of the vendors on the list and the nature of the work provided by each vendor.

Article XXI – No Abrogation of Rights

The parties acknowledge that Management rights as indicated in Section 1207D of the Merit System Rules and Regulations and all applicable State laws are neither abrogated nor made subject to negotiation by adoption of this MOA.

Merit System Rules and Regulations

Employer and Employee Relations and Employee Representatives

1207. Rights, obligations and limitations

(d) Rules no abrogation of rights [sic]. By the adoption of the provisions of this chapter, City management shall not be deemed to abrogate its right to establish policy and procedure and make whatever changes it considers necessary for the good and efficient services of the City. The exclusive rights of city management include, but are not limited to: determine the missions of its constituent departments, sections, groups and individuals; set standards of services; determine the standards of selection for employment and promotions; direct its employees; take disciplinary action; relieve its employees from duty because of lack of work or for other legitimate reasons; maintain the efficiency of governmental operations; determine the methods, means, time and personnel by which government operations are to be conducted; determine the content of job classifications; take all necessary actions to carry out its missions and exercise complete control and discretion over its organization and technology of performing its work.

Job Specification

Community Service Officer (relevant sections)

Purpose of classification: Under direct supervision, Community Service Officers perform a variety of police-related tasks in any of the divisions of the Police Department. A non-sworn classification, Community Service Officer provides support in crime prevention activities, following-up on assignments for police investigators, gathering information on community offenses hazards, violations, or nuisances, and performs related duties as required.

In the area of Traffic Enforcement, responsibilities may include:

28. Performs Parking Enforcement Officer functions as needed

POSITIONS OF THE PARTIES

The Employer

The City is participating in the factfinding process "subject to its objections that the factfinding process is not applicable to this dispute at all." The City asserts that the courts will ultimately decide the question, and that is not for the panel to decide.

The Employer does ask the panel to rule on the issue of whether the issue in dispute is within the scope of bargaining. The City contends that it is not within scope, and fundamentally about a management right not subject to bargaining. The City cites court precedent that the only contracting out decisions subject to bargaining requirements are those involving layoffs and those in which the contracting out decision is "substantially motivated" by savings of labor costs. Moreover, the City did bargain in good faith, meeting with the Union six times.

The City contends that many of the MMBA statutory factors do not apply in this case. The ones that do apply favor the Employer's position. The "interests of the public," a statutory factor, are best served by the City's contracting out proposal.

The Employer contends that it needs to contract out parking enforcement work for the downtown RPP pilot program. Cost is not a factor, the Employer asserts. The issues are quality, the package of services and equipment that Serco is offering, and Serco's significant experience operating similar programs. Serco can provide the right training, the right feedback on the program, and the right equipment. The existing bargaining unit employees, "not through any fault of their own, not because they are bad workers," cannot perform this work. "They don't have the structure, the support, the training" for this assignment, the City's advocate argues.

The City does not believe that the existing RPP program, with enforcement by City employees, is a relevant comparison. The proposed program covers a much larger area and is much more complex, in that non-residents will be allowed to purchase permits, that different types of permits will be displayed in the same zones, that permits will be limited to areas potentially as small as a block-face, and that non-permit holders will be permitted to park for limited periods. The City's advocate put it this way:

> The City's primary interest here is not that this task be done in a certain amount of time but that it be done correctly. And that it be done in…laboratory conditions by an experienced vendor that understands programs like these and can assess whether this is

> going to work going forward…This is a complex program, so they're going to have questions: "Can I park here, can't I park here, when can I park here, how can I get a permit, can I get a permit for this zone, can I get a permit for that zone?" They'll have to be able to answer those questions. And we also want people who have been trained to do that.

This is a limited-term pilot program, the parameters of which are evolving, the Employer contends. There will be no impact on the Union's bargaining unit when this program is implemented. There will be no layoffs or reduction in hours of existing staff, the Employer asserts.

The Employer urges the panel to recommend that the City proceed with its contracting out of the parking enforcement work for the Downtown RPP.

The Union

Initially, the Union objected to the contracting out of both permit sales and parking enforcement. Prior to the commencement of factfinding the Union withdrew its objection to the permit sales plan. The only issue remaining is that of the contracting out of parking enforcement work.

The Union contends that the Employer should not contract out this work, and does not need to. The Union has shown the Employer that its bargaining unit members can do the new work. The Employer has not demonstrated a compelling reason to contract out the work.

"This has always been bargaining unit work. The job description lists it. The City has tried to draw the distinction that somehow this is new work. We have shown that our workers already do this same work in the Stanford area," the Union's advocate argued.

The Union has made proposals on how the work can be done, but does not ultimately care how the work gets done, as long as it is done by Union-represented employees. The Union has never opposed more training for CSO's.

In regard to the MMBA statutory factors, it is clear that these were written up with an entire MOU in mind, the Union contends. However, the Union believes that the "interests and welfare of the public" and the "financial ability" of the Employer are relevant factors. The Union believes that its proposal to keep the work in the unit is actually less expensive than the Employer's Serco proposal.

The "comparison" factor is also relevant, the Union contends. The City proposes to give this work to non-union workers making $14 an hour and without public benefits.

PANEL FINDINGS

As both sides have pointed out, this is not a typical MMBA factfinding. Most disputes subject to this procedure involve entire contract negotiations, or at least a bargaining reopener on certain limited contract articles. This dispute concerns a single issue that has arisen within the term of an existing CBA.

PERB Has Defined the Scope of This Dispute

PERB, over the objections of the Employer, has ruled that this issue is appropriate for factfinding. The Employer argues that it is up to the courts, not the factfinding panel, to address the Employer's objection to the use of this process. The panel agrees with this Employer argument. PERB has empowered the panel to make findings and recommendations on the substance of this dispute. That is what the panel will do.

The Employer has, however, asked the panel to issue findings on another threshold issue: is the substance of the dispute a mandatory subject of bargaining? For the same reasons as articulated above, the panel declines to address this issue. The panel regards PERB's certification of this process for this issue as a mandate to address the merits.

This Is An Interest Dispute, Not a Rights Dispute

Disputes over single issues arising under a contract, such as the one in dispute here, are most often addressed through the grievance procedure outlined in the parties' CBA. The parties' CBA contains a grievance procedure with binding arbitration of grievances. An arbitrator selected to hear such a grievance would view the dispute through the following lens: did the Employer violate the CBA when it carried out some particular action? This is known as a "rights" dispute. In the instant case, had the Union filed a grievance about the contracting out of parking enforcement, then the question would be whether or not the contracting out violated the terms of the parties' agreement.

However, in the instant case, the Union has approached this matter as a dispute over a proposed modification of the agreement between the parties. In essence, the Union is proposing to add to the CBA an agreement that the Employer shall not contract out parking enforcement work for the Downtown RPP. Rather than a "rights" dispute, this is what is commonly known as an "interest" dispute. Under the above-cited Government Code, the factfinding panel is required to apply the statutory criteria to the two parties' proposals in this regard and recommend the proposal that most closely conforms to those criteria.

Because of this distinction between rights and interest disputes, the panel will not examine the issue of whether or not the proposed contracting out violates the current CBA. That determination is not reached in these findings and recommendation.

The panel also notes that not all aspects of the City's proposed contract with the vendor Serco are addressed in this analysis. The parties' issue statement poses the matter narrowly. Consequently, only the issue of the proposed performance of parking enforcement duties by the outside vendor is scrutinized here. The other aspects of the proposed contract – permit sales, training, equipment purchase and management of the RPP program – are outside the scope of these findings.

MMBA Criteria Relevant to the Case

The panel agrees with the advocates for both parties that many of the MMBA criteria listed on page three of this report are not relevant in this case. In particular, criterion six (consumer price index) and criterion seven (overall compensation) are only relevant marginally, if at all. Criterion three is relevant insofar as the parties have stipulated to evidence to be considered. Criteria one and two are relevant to the extent that the parties have cited relevant sections of state laws and local ordinances to bolster their positions.

The most relevant criteria in this instance are the following:

> 4) The interests and welfare of the public and the financial ability of the public agency
>
> 5) Comparison of the wages, hours and conditions of employment of the employees involved in the factfinding proceeding with the wages, hours and conditions of employment of other employees performing similar services in comparable public agencies
>
> 8) Any other facts, not confined to those specified in paragraphs (1) to (7), inclusive, which are normally or traditionally taken into consideration in making the findings and recommendations

Criterion four was cited by the Employer to justify its proposal to contract out the work, arguing that the interests of the public are best served by an outside vendor performing the disputed work. The Union has also cited this criterion, arguing that its proposal to do the work with City employees is less expensive and thereby best coincides with the Employer's finances.

The panel recognizes that the Employer has a legitimate interest in providing high quality services to its constituent residents and businesses. It has the right to make the initial determination about

the most efficient way to provide city services. This right is codified in the above-cited "management rights" sections of the CBA and the City rules. The nub of this dispute is how to balance this right with the legitimate interest the Union has in protecting its bargaining unit work.

The Union's argument about the financial implications of the Serco contract is compelling. While the Employer did not openly concede that keeping the work in-house would be less expensive, it took the financial issue off the table. It did so by making a point that the City had selected the most expensive of the three vendor bids. And it did so by asserting that saving labor costs was not the primary reason for its contracting-out proposal. And the Employer did not attempt to make a case at the hearing that using City workers for parking enforcement of the Downtown RPP would be more costly than contracting with Serco.

Since the Employer is not arguing that the Union's proposal is too expensive, then the panel will not address the relative costs of the vendor contract versus the options proposed by the Union. From the panel's standpoint, cost is not a factor.

The next relevant factor – comparison with other jurisdictions – was not explored in depth by either party. The Employer asserted that other public jurisdictions have contracted out similar work. But key information about the labor relations aspects of any such contracting (e.g., were there any MOU's or sideletters of agreement regarding such contracting, or disputes over the issue) was missing from the record. The Union presented no specific comparables. Therefore, the panel concludes that comparability is not a dispositive factor in this case.

The final relevant factor – a catch-all factor regarding other facts "normally or traditionally taken into consideration" – provides the panel with the leeway to take into account the unique aspects of this dispute. As such, the panel is most interested in the question of placing this dispute in the context of the parties' existing CBA. Contract changes do not occur in a vacuum – they are evaluated in relation to the parties' prior agreements and how those agreements have been implemented and interpreted.

The Dispute Should Be Viewed in the Context of the Parties' CBA and Practices

First, it should be noted that the parties have a history of bargaining over contracting out. Article III Section 13 of the CBA, cited above, provides for negotiations in the event of certain proposals to contract out. It allows for the development of alternatives to contracting out and layoffs. It requires the Employer to provide information to the Union about vendors. The current CBA also recognizes the Union as the exclusive representative of the CSO classification, and incorporates the CSO job description.

The history of the parking enforcement officer / CSO is clear and undisputed. All parking enforcement work has been performed by CSO's, even in residential parking permit programs. Whatever the City has believed to be its rights to contract out this work in the past, it is evident that it has not exercised that right.

The panel views the City's proposal to contract out this work now as a substantial departure from past practices. The evidence that parking enforcement constitutes the vast majority of CSO work was unrebutted. However the job description reads, parking enforcement remains the core of the CSO duties. Enforcement of residential parking programs and other hang-tag programs are part of these core duties.

The Employer vigorously asserts the uniqueness of the Downtown RPP program and why it needs an experienced outside contractor to perform this vital and community-sensitive work. The crux of its arguments, however, was that employees who enforce the RPP need to be well-trained and well-managed. Training and management functions are under the exclusive control of City management. The City was not able to show a nexus between the need for well-trained and well-managed staff and the need to use non-City employees to perform the enforcement work.

The Employer also asserted the importance of contracting out as a means to obtain the necessary equipment. Lack of expensive specialized equipment can be a valid argument for the need to contract out. However, the Employer did not make the argument about equipment at a level of detail that was persuasive to the panel. The Employer did not present information about the limitations of the City's current equipment or make an argument about the cost of purchasing additional equipment being prohibitive.

The Employer also emphasized in the hearing the time-sensitive nature of the Downtown RPP. The City is concerned that any change to the current contracting-out proposal will cause delays, upsetting residents and businesses. The only specific timeframe in evidence in the factfinding process was the 60-90 day implementation period required in the RFP and the 60-day commitment made by Serco in its bid. The City asserted that doing the work with City employees would take longer to implement– but this assertion was not backed up with evidence in the record.

One aspect of the Employer's proposal that seemed initially appealing to the panel was the characterization of this contracting out as a "pilot program." It is traditional in collective bargaining to agree to new departures from past agreements for a fixed period of time, reverting to the status quo ante at the conclusion of a trial period and subjecting the results to a bilateral evaluation. However, a closer look at this issue reveals a somewhat ambiguous picture. While the RPP is characterized as a trial, the City has

made no commitment to bring the work into the bargaining unit at the end of the trial period. Indeed, the City Manager's report to the City Council in December 2014 notes that "enforcement costs for RPP districts could be significant" and recommends 'allowing for contract (non-city employee) enforcement if appropriate."

The panel's task is to recommend the proposal that best balances the interests of the Employer with the interests of the Union. The Employer's proposal, in this instance, tilts too far and too fast in the direction of upending a long-standing practice. That practice is that the Union's bargaining unit members in the City of Palo Alto have performed parking enforcement in all its various aspects. For this reason, and in the context of the entire analysis presented above, the panel recommends that Downtown RPP parking enforcement work not be contracted out to the City's selected vendor.

Since the panel is recommending that the work not be contracted out, then the second part of the stipulated issue is moot.

PANEL RECOMMENDATION

The factfinding panel recommends that the City of Palo Alto not contract out parking enforcement work in its Downtown RPP program.

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Paul D. Roose, Neutral Chairperson

Date: June 15, 2015

/s/ Nick Raisch_____

Nick Raisch, Union-appointed Panel Member

Date: June 15, 2015

__x___I concur with the Recommendations

_____I dissent from the Recommendations (see attached explanation)

/s/ Suzanne Mason_____

Suzanne Mason, Employer-appointed Panel Member

Date: June 15, 2015

_____I concur with the Recommendations

__x___I dissent from the Recommendations (see attached explanation)