



CITY OF COMMERCE AGENDA REPORT

TO: Honorable City Council

FROM: CITY MANAGER

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF COMMERCE, CALIFORNIA, APPROVING CHANGES TO BENEFITS AND COMPENSATION FOR FISCAL YEARS 2026–2027 THROUGH 2029–2030 AS IT RELATES TO MID-MANAGEMENT AND NON-MANAGEMENT FULL-TIME AND PART-TIME EMPLOYEES REPRESENTED BY THE CITY OF COMMERCE EMPLOYEES ASSOCIATION – AFSCME LOCAL 773; UNREPRESENTED/CONFIDENTIAL FT UNITS, AND UNREPRESENTED EXECUTIVE MANAGEMENT COMPENSATION AND FRINGE BENEFITS

MEETING DATE: June 23, 2026

RECOMMENDATION:

The City has reached agreement on a successor Memorandum of Understanding with AFSCME Local 773 representing Mid-Management and Non-Management Full-Time and Part-Time employees. In addition, compensation and benefit terms for Unrepresented Executive Management and Unrepresented/Confidential employees have been negotiated and corresponding documents are included.

It is recommended that the City Council:

1. Adopt a resolution approving two (2) Memoranda of Understanding (MOUs) between the City of Commerce and the Mid-Management and Non-Management Full-Time and Part-Time employees represented by the City of Commerce Employees Association – AFSCME Local 773 for Fiscal Years 2026–2027 through 2029–2030.
2. Adopt a resolution approving compensation and benefits for Unrepresented Executive Management employees for Fiscal Years 2026–2027 through 2029–2030.
3. Adopt a resolution approving compensation and benefits for Unrepresented/Confidential employees for Fiscal Years 2026–2027 through 2029–2030.

BACKGROUND

The City and the City of Commerce Employees Association (CCEA) – AFSCME Local 773 concluded labor negotiations on June 3, 2026, regarding wages, benefits, and working conditions for the 2026–27 through 2029–30 MOUs. On June 17, 2026, members of the Mid-Management and Non-Management Full-Time and Part-Time Units voted to ratify a new four-year contract covering Fiscal Years 2026–27 through 2029–30.

Meet-and-confer obligations were satisfied pursuant to the Meyers-Milias-Brown Act (Government Code Section 3500 et seq.). Concurrently, compensation and benefit structures for Executive Management and Unrepresented/Confidential employees were reviewed to maintain internal consistency and alignment across all employee groups.

Updated MOUs incorporating mutually agreed-upon provisions and revised salary schedules will be finalized and presented to the City Council at a future meeting for review and approval. The MOUs will cover the period of July 1, 2026, through June 30, 2030.

ANALYSIS:

The proposed Memorandum of Understanding with AFSCME Local 773 provides updated salary and benefit provisions intended to maintain competitiveness within the regional labor market and address cost-of-living considerations over the term of the agreement.

Highlights of agreed-upon terms are as follows:

The proposed agreements provide compensation and benefit enhancements for represented employees, Executive Management, and Unrepresented/Confidential employees.

Compensation improvements include a 3.5% Cost of Living Allowance (COLA) for Fiscal Year 2026–2027, effective the first full pay period following July 1, 2026, which corresponds to an effective pay date of July 23, 2026, along with a one-time, non-PERSable longevity incentive equal to 3.5% of annual base salary.

For Fiscal Year 2027–2028, employees will receive a 3.25% Cost of Living Allowance, effective the first full pay period following July 1, 2027, which corresponds to an effective pay date of July 22, 2027, and an additional one-time, non-PERSable longevity incentive equal to 3.5% of annual base salary.

The agreements also enhance employee benefits by increasing dental and orthodontic coverage for all eligible employees.

The agreements provide for non-compensatory changes in terms and conditions of employment that address mutually agreeable provisions responding to previous and current labor-management conditions that have been impacting operations. The agreements also include updates and cleanup language throughout the subsequent Memorandum of Understanding to eliminate redundancy, conflicting provisions, and outdated language, and to incorporate municipal management best practices.

Collectively, these improvements support the City’s ability to attract and retain qualified employees while maintaining competitive compensation and benefits within the regional labor market.

FISCAL IMPACT:

The proposed compensation and benefit adjustments have both ongoing and one-time fiscal impacts. The labor costs associated with the newly approved union agreements have been incorporated into the 2026-2028 Citywide Biennial Budget and are reflected in the City’s

personnel cost projections. The cost for the ongoing adjustments is approximately \$1.2 million in FY 2026-27 & \$1.4 million in FY 2027-28. One-time costs are estimated at approximately \$1.2 million in FY 2026-27 & \$1.4 million in FY 2027-28 and will be accounted for via the Project Management fund established to fund City Council approved one-time expenditures such as these. Future associated fiscal impacts related to the negotiated labor costs fiscal years 2028-29 and 2029-30 will be accounted for in the City's biennial budget process.

ALTERNATIVES:

The City Council may:

- Adopt the proposed resolutions as presented;
- Adopt the proposed resolutions with modifications; or
- Provide direction to staff for additional negotiation or revised compensation structures.

RELATIONSHIP TO STRATEGIC GOALS:

This agenda report relates to the 2016 City of Commerce Strategic Guiding Principles as follows:

- Fiscal Sustainability:
 - Guiding Principle 3: Implement a compensation philosophy that allows the City to proactively compete for and retain top, qualified personnel.
- City Organization:
 - Guiding Principle 1: Create and maintain a culture of ownership that empowers employees to be creative, innovative, make decisions and be accountable for them. Ensure employees have the necessary intellectual and physical resources to efficiently and effectively perform their jobs and provide excellent customer service.
 - Guiding Principle 2: Foster an environment that continuously seeks to improve service and organizational responsiveness to internal and external customers.
 - Guiding Principle 3: Establish clear expectations, roles and responsibilities for all employees, elected officials, appointed commissioners and committee members, and volunteers.
 - Guiding Principle 4: Develop, maintain and enhance practices that improve communication and transparency for all employees.

Approved by: Marlo Revilla, Human Resources Manager

Fiscal Impact reviewed by: Alvaro Castellon, Director of Finance & City Treasurer

Approved by: Noel Tapia, City Attorney

Respectfully submitted: Ernie Hernandez, City Manager