

CITY COUNCIL

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☐ **APPROVED** ☐ **DENIED**

Reso No. 2003-_____ File No. _____

Ord No. 2003-_____

Agenda Item No.: 5
Date: June 22, 2011

TO: Honorable Mayor and Members of the City Council

FROM: Sheryl Bennett, Director of Human Resources

SUBJECT: Amendment to the Memorandum of Understanding between the City of Escondido and the Maintenance and Operations Unit, Teamsters Local 911

RECOMMENDATION:

City Council adopt Resolution 2011-81 approving the successor Memorandum of Understanding between the City and the Escondido Maintenance and Operations Unit for a for a two-year term commencing July 1, 2011 through June 30, 2013.

As a result of approving a new Memorandum of Understanding, adopt Resolution No. 2011-87 pertaining to paying and reporting the value of the seven percent (7%) Employer Paid Member Contribution.

FISCAL ANALYSIS:

General Fund

Approval of this contract will result in cost savings to the General Fund of \$70,730 in fiscal year 2011-12. The second year of this contract will result in a cost to the General Fund of \$69,135 and will be funded by reserves. Please refer to Attachment A, the General Fund Sources and Uses Update Schedule, to see how approval of this contract affects the General Fund operating budget in fiscal year 2012-13.

All Other Funds

For all other funds of the City, approval of this contract will result in cost savings of \$226,130 in fiscal year 2011-12. In fiscal year 2012-13, this contract will result in a cost of \$256,605 and will be covered by fund balance of the fund in which the employee is paid.

PREVIOUS ACTION:

On August 18, 2010, the City Council approved an amendment to the Memorandum of Understanding extending the term of the Memorandum of Understanding to June 30, 2011.

BACKGROUND:

City staff has met and conferred with the Maintenance and Operations Unit, Teamsters Local 911, regarding pension reform and other cost-saving measures to the terms of the Memorandum of Understanding that expired on June 30, 2011. Attached Resolution No. 2011-81 outlines changes to working conditions and compensation that have been agreed to during this negotiation process.

M&O Bargaining Unit
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Tentative agreement on issues before the negotiating group was reached on May 31, 2011. Members of the Bargaining Unit have voted in support of the agreement.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Sheryl Bennett', written over a circular stamp or seal.

Sheryl Bennett
Director of Human Resources

**City of Escondido
General Fund
Sources and Uses Update**

Attachment A

Sources of Funds:

	11/12	12/13	M&O Labor Contract	Revised 12/13
Estimated Revenue	\$ 72,081,425	\$ 73,741,000		\$ 73,741,000
Transfer from Cable Technology Fund	11,000	11,000		11,000
Transfer from Daley Ranch Restoration Fund	30,000	30,000		30,000
Transfer from Gas Tax	2,000,000	2,000,000		2,000,000
Transfer from Heygi Trust Fund	2,000	2,000		2,000
Transfer from Ryan Trust-Library/Pioneer Room	42,760	42,760		42,760
Transfer from Warehouse	150,000	-		-
Transfer from Wastewater	25,000	25,000		25,000
TOTAL, Sources	\$ 74,342,185	\$ 75,851,760	\$ -	\$ 75,851,760

Uses of Funds:

General Fund Operating Budget	\$ 72,543,740	\$ 72,543,740	\$ 69,135	\$ 72,612,875
Pension Reform	-	(380,000)		(380,000)
Transfer to Center for the Arts Fund	1,159,630	1,159,630		1,159,630
Transfer to Reidy Creek Golf Course Debt Service Fund	348,015	348,015		348,015
Transfer to Vehicle Parking District Fund	78,800	78,800		78,800
Advance Payback to Wastewater-Principal	212,000	212,000		212,000
Increase in Medical/Dental	-	390,000		390,000
Increase in Benefits Administration	-	20,000		20,000
Increase in Workers' Compensation	-	450,000		450,000
Increase in Internal Service Charges	-	165,000		165,000
Decrease in Allocations Out	-	100,000		100,000
Increase in PERS Rates	-	340,000		340,000
Increase in Reserve	-	424,575	(69,135)	355,440
TOTAL, Uses	\$ 74,342,185	\$ 75,851,760	\$ -	\$ 75,851,760

RESOLUTION NO. 2011-81

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF ESCONDIDO,
CALIFORNIA, APPROVING THE
MEMORANDUM OF UNDERSTANDING
WITH THE TEAMSTERS LOCAL 911,
MAINTENANCE AND OPERATIONS
UNIT

JULY 1, 2011 – JUNE 30, 2013

WHEREAS, negotiating teams from the City of Escondido ("City") and the Teamsters Local 911 ("Union") have been duly appointed and have been conducting meet-and-confer sessions with respect to cost-saving matters affecting both parties; and

WHEREAS, a successor Memorandum of Understanding ("MOU") by the City of Escondido ("City") and the Teamsters 911 ("Union") is necessary as a result of meeting and conferring in good faith concerning wages, hours, and other terms and conditions of employment; and

WHEREAS, it is the intent of the underlying MOU to provide for continuation of the harmonious relationship between the City and the Union; and

WHEREAS, this City Council desires at this time and deems it to be in the best public interest to approve a successor MOU and certain other modifications.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.
2. The City's negotiating team is authorized to execute, on behalf of the City, a successor MOU for a term of July 1, 2011, through June 30, 2013, and also including terms as set forth in Exhibit "A," attached to this resolution and incorporated by this reference.

Exhibit "A"

**City of Escondido
Maintenance and Operations Bargaining Unit
Teamsters Local 911
Successor Memorandum of Understanding
July 1, 2011– June 30, 2013**

1. Term: July 1, 2011 - June 30, 2013

2. Existing MOU Modifications:

Changes to the MOU that were implemented on August 18, 2010 will remain in place until terminated, per City Council Resolution 2010-124. Such changes are as follows and will be incorporated into the successor MOU as appropriate:

- Suspension of step increases (except as detailed in Item #6).
- Suspension of new certification pay.
- Suspension of class progressions, with the exception of vacated progressive positions, in which the hiring department may choose to progress a current qualified incumbent who is frozen at a lower class level - per side letter dated November 8, 2010. This side letter will remain active for the term of the MOU.
- Suspension of 401(k) City contribution.
- Self-Directed Furlough and equivalent total salary reduction of 4.36%.

3. Article VI – Employee Benefits Program, Section 7, California Public Employee's Retirement System (CALPERS):

Effective June 26, 2011 (pay period ending July 9, 2011), current Maintenance and Operations Bargaining Unit employees will make 100% of the statutory employee contribution to CALPERS, which will be applied to the Employees' Contribution and is currently eight percent (8.0%). The City will cease paying and reporting the value of the seven percent (7.0%) Employer paid Member Contribution (EPMC). These contributions will be on a pre-tax basis.

4. Article VI – Employee Benefits Program, Section 7, California Public Employee's Retirement System (CALPERS):

Implement a second tier retirement system under Government Code Section 20475, for newly hired employees. This second tier will be activated as soon as administratively possible after all miscellaneous employee groups have completed the meet-and-confer process on this subject. The following will be applicable to the second tier:

- 2% @ 60 retirement calculation.
- Employees make 100% of the statutory employee contribution to CalPERS, currently 7.0%.
- There will be no final-year concession of said payments to compensation for CalPERS benefit calculation purposes ("EPMC").
- The use of average highest three years calculation.

5. Article IV – Compensation Policy, Section 1, Wages, Salary Range Increases:

Effective June 26, 2011 (pay period ending July 9, 2011), the salary range for all represented classifications shall be increased by four percent (4%). This salary increase is concurrent with the employee payment of the entire eight percent (8%) normal member contribution required to be paid by a PERS member on a pre-tax basis.

Effective pay period closest to January 1, 2013, the salary range for all represented classifications shall be increased by one percent (1%).

6. Article IV – Compensation Policy, Section 1, Wages, Salary Step Implementation:

Effective pay period closest to July 1, 2012, one salary step will be implemented for employees who currently have frozen salary steps. The unfreezing of one frozen five percent (5%) salary step will not affect the employees' anniversary or service dates. All subsequent step increases remain frozen for the term of the MOU.

7. Article IV – Compensation Policy, Section 1, Wages, Self-Directed Furlough Program (SDFP):

Effective June 26, 2011 (pay period ending July 9, 2011), all furlough hours will be calculated on a per pay-period basis and deposited into the employees' Self-Directed Furlough Bank. All other provisions within this Article will remain as previously outlined. The accrual rate will be 2.144 hours per pay period. The total annual furlough hours are 55.74.

8. Reinstatement of "Bumped Down" Employees:

Effective June 26, 2011 (pay period ending July 9, 2011), four employees who were laid-off and subsequently exercised their bumping rights by demoting into a lower job they previously performed will be reinstated to the position they held prior to layoffs.

9. Article VI – Employee Benefits Program, Section 1B, Health Insurance:

The Health Insurance Committee (HIC) will commence its annual review of medical and dental insurance plans and the related designs of the various plans available to employees. Consistent with the MOU, the HIC may consider changes in health and dental plan design that may increase to cost to covered employees in such areas as doctor visit co-pays, prescription co-pays, etc.

Effective January 1, 2013, any premium increase over the January 1, 2012 rates will be shared 50/50 between the Union and the City. If a rate increase is realized for the January 1, 2013 rates, the premium cost-share increase will be attributed to the level of coverage in the 2012 structure.

The current rates, beginning January 1, 2011:

Kaiser:

	<u>City</u>	<u>Employee</u>	
Employee Only	\$349.48	\$14.34	per month
Employee + One	\$698.96	\$28.68	per month
Family Coverage	\$986.59	\$43.02	per month

Blue Cross:

	<u>City</u>	<u>Employee</u>	
Employee Only	\$349.48	\$116.32	per month
Employee + One	\$698.96	\$279.22	per month
Family Coverage	\$986.59	\$410.82	per month

10. Article IV – Compensation Policy, New Section, Water Service Representative Certification Pay:

Effective June 26, 2011 (pay period ending July 9, 2011), the City agrees to provide specialty pay of five percent (5%) for Water Service Representatives holding a State of California certification above the level required for their current classification. As new certification pay is frozen during the term of this MOU, the incumbent would only be eligible for this specialty pay at the time in which certification pay is reinstated.

11. MOU Language Clean Up:

- Article VI, Employee Benefits Program, Section 7, Remove last bullet (pg. 22)
- Article XIII, Leave of Absence Without Pay, remove second paragraph (pg. 34)
- Article XIII, Leave of Absence Without Pay, last paragraph (pg. 35) should read - "With regards to benefits, all employer paid premiums will discontinue when paid leave time is exhausted at the end of the month. Employees will be offered continued coverage at their own expense through COBRA or other continued coverage options."
- Article XIV, Maternity/Paternity Leave:
 - Section D, change "not to exceed six months" to "in accordance with state and/or federal regulations" (pg.36)
 - Section F, (pg. 36), same as "D"
 - Section G. (pg. 36), change to a maximum of six months.

12. Article XXIV – Management Rights, Efficiencies of City Services:

The City is in the process of analyzing efficiencies as to the means and methods of governmental operations. If it is determined that the City is to outsource or contract services, the City will meet and confer over the decision and effects as it relates to any services that specifically pertains to personnel represented by the Teamsters.

13. Personnel Rules and Regulations Review Committee:

The City has drafted an updated Personnel Rules and Regulations document. Human Resources, the City Attorney's Office, and two representatives from each employee group shall meet on a regular basis to finalize and implement the updated Personnel Rules and Regulations.

14. New Article - MOU Reopeners:

A. Healthcare Reform

At such time as regulations are issued implementing the Affordable Care Act (ACA), the City and Teamsters will meet and confer to review the impact of such regulations on the benefits plans then in force. If modifications to the benefits, eligibility for coverage, employer or employee contribution to the cost of insurance or any other provisions of the benefit plans covered by this MOU will be modified by the ACA during the term of this agreement, it is agreed that the City and Teamsters will reopen the contract to meet and confer and determine how such mandated changes will be implemented.

B. Personnel Rules and Regulations

The final product of the Review Committee will be brought to the Teamsters for finalization.