



City Manager's Report
March 22, 2016, City Council Meeting
Prepared by: Dave Warren, Director of Finance
Item #: 8.5

Subject: Adopt a resolution:

1. Approving the 2016-2018 Memorandum of Understanding with the International Union of Operating Engineers Stationary Engineers, Local 39 and authorizing the Mayor, City Manager, City Attorney, and the City's Labor Consultant to execute the same; and
2. Retroactively approving and affirming Side Letter of Agreement No. 1 with the International Union of Operating Engineers Stationary Engineers, Local 39 authorizing the Mayor and City Manager to execute the same; and
3. Approving a \$66,696 budget appropriation from the General Fund unassigned fund balance for a \$1,750 one-time distribution to all active non-sworn regular full-time employees hired before January 1, 2016; and
4. Approving a \$370 budget appropriation from the Orchard Hill LLMD Fund unassigned fund balance for a \$1,750 one-time distribution to all active non-sworn regular full-time employees hired before January 1, 2016; and
5. Approving a \$370 budget appropriation from the Cottonwood Park LLMD Fund unassigned fund balance for a \$1,750 one-time distribution to all active non-sworn regular full-time employees hired before January 1, 2016; and
6. Approving a \$11,724 budget appropriation from the Water Enterprise Fund unassigned fund balance for a \$1,750 one-time distribution to all active non-sworn regular full-time employees hired before January 1, 2016; and
7. Approving a \$33,145 budget appropriation from the Sewer Enterprise Fund unassigned fund balance for a \$1,750 one-time distribution to all active non-sworn regular full-time employees hired before January 1, 2016.

Background:

The City's labor negotiation team has met twelve times with the International Union of Operating Engineers Stationary Engineers, Local 39 (Local 39) over the past seven months to discuss salaries, benefits, and working conditions for the next three years. On February 4, 2016, the City and Local 39 reached a tentative agreement (TA), and the City Council ratified the TA and directed staff to prepare a Memorandum of Understanding (MOU) at its closed session meeting held on February 23, 2016. Staff has prepared the MOU and an associated Side Letter No. 1, and reviewed the documents with Local 39 on March 10, 2016. Tonight, staff is

requesting the City Council to approve the MOU and Side Letter No. 1 with Local 39 as presented.

Discussion:

The latest MOU with Local 39 expired on December 31, 2015. The proposed MOU encompasses the period of January 1, 2016 to December 31, 2018 (subject to item four below) and includes the following deal points:

1. The City shall issue a one-time distribution of \$1,750 to each active non-sworn regular full-time employee hired before January 1, 2016, effective the first full pay period following MOU ratification by the union and approval by the City Council.
2. Effective the first full pay period in July 2016, the City shall increase base salaries by 1.00%.
3. Effective the first full pay period in January 2017, the City shall increase base salaries by 1.50%.
4. If the adopted Fiscal Year 2017/2018 budget includes a 2.50% salary increase effective the first full pay period in January 2018, the MOU shall expire December 31, 2018. If the adopted 2017/2018 budget does not include a 2.50% salary increase effective the first full pay period in January 2018, the MOU shall expire on December 31, 2017.
5. The City and Local 39 agree to eliminate Sections 6.1 through 6.6 (old COLA and salary study adjustment language) from the MOU (Union Proposal No. 4).
6. The City and Local 39 agree to eliminate Sections 7.4 and 7.5 (old Friday Furlough and MTO language) from the MOU (Union Proposal No. 5).
7. The City and Local 39 agree to add the addendum and side letter to the MOU except as where items are proposed to be removed (Union Proposal No. 6).
8. The On-Call pay for Corporation Yard employees shall be increased from \$100.00 to \$150.00 for weekends and \$50 to \$75 for holidays. The on-call pay rate for Water Reclamation Facility Operators who log onto the computer to perform necessary work on the SCADA system shall be increased from a flat \$15.00 to the employee's hourly overtime rate in fifteen (15) minute increments (Union Proposal No. 7).
9. The annual uniform allowance for Maintenance Workers and Water Reclamation Facility (WRF) employees shall be increased from \$650 to \$750 effective July 1, 2016. Payments shall be made on a separate check the first pay period in July and the first pay period in January each year. The annual uniform allowance for Police Department employees shall be increased from \$600 to \$700 effective July 1, 2016 (Union Proposal No. 8). The City and Local 39 agree to negotiate new uniform allowance policy.
10. A change in an employee's work schedule shall be deemed overtime unless the City provides the employee with at least five (5) calendar days advanced written notice of the change (Union Proposal No. 9).

11. The City and Local 39 agree to incorporate FLSA language in the MOU regarding meal and rest periods currently practiced by the City (Union Proposal No. 11).
12. The mileage radius for Corporation Yard employee take home vehicles shall be increased from 16 miles to 20 miles (Union Proposal No. 13).
13. WRF Lead Operators shall be compensated for all hours worked, in increments of 15 minutes, when they are unable to take a duty free meal period during their shift (Union Proposal No. 14).
14. The City and Local 39 agree to establish a new employee attire and grooming policy.
15. The City and Local 39 agree to change the dental insurance plan from Metlife to Assurant effective January 1, 2016.
16. The City and Local 39 agree to revise Section 11 of the MOU to further clarify the existing education incentive program.
17. The City will establish an IRC 457 deferred compensation plan with CalPERS as soon as practicable.
18. The City and Local 39 agree to incorporate the existing vacation cash out policy in Section 17 of the MOU.
19. The City and Local 39 agree to negotiate changes to the Personnel System Rules during the term of the MOU.
20. The City and Local 39 agree to incorporate the Affordable Care Act (ACA) reopener language in Section IX of the latest addendum in Section 8 of the new MOU.
21. The City will provide an enhanced Employee Assistance Program (EAP) to all full-time employee beginning in Fiscal Year 2016/2017.

The City's Grievance Procedure and Employee Conduct and Discipline policy are contained in City's Personnel System Rules, and Local 39 has requested that both documents be incorporated in the MOU. The Grievance Procedure (Rule XII) has been added to the proposed MOU as Addendum No. 1. The Employee Conduct and Discipline policy (Rule XI) has been added to the proposed MOU as Addendum No. 2.

As mandated by the Public Employees' Pension Reform Act of 2013 (PEPRA), the California Public Employees' Retirement System (CalPERS) has begun doing periodic compliance audits (AKA public agency reviews) of all CalPERS agencies, including the City of Placerville. During 2015, CalPERS performed a public agency review of the City, and Condition 4B from the review concluded the following:

The Agency's written labor policy containing the provision for uniforms did not meet all of the requirements of CCR 571(b)(1)(B). Specifically, it did not indicate the conditions for payment of the uniforms. CCR requires that the written labor policy or agreement contain the conditions for payment of the item of special compensation, including, but not limited to, eligibility for, and amount of, the special compensation.

Section 9 (Clothing Stipend) of the MOU addresses Condition 4B prospectively. CalPERS has requested that the City Council also adopt similar language retrospectively from July 1, 2011 to December 31, 2015. Side Letter No. 1 with Local 39 addresses Condition 4B retrospectively from July 1, 2011 to December 31, 2015.

Options:

1. Approve the MOU and Side Letter No. 1 with Local 39 and the \$112,305 in budget appropriations.
2. Direct staff to continue negotiating other terms with Local 39.

Cost:

The total projected cost of the \$1,750 one-time distribution for all active non-sworn regular full-time employees hired before January 1, 2016, is \$112,305.

Budget Impact:

The \$112,305 cost of the one-time distribution was not included in the adopted Fiscal Year 2015/2016 Operating Budget. Staff recommends the City Council approve budget appropriations totaling \$112,305 for the one-time distribution. Staff plans on incorporating the other salary and benefit items in the proposed Operating Budgets for Fiscal Year 2016/2017 and 2017/2018.

Recommendation:

Adopt a resolution:

1. Approving the 2016-2018 Memorandum of Understanding with the International Union of Operating Engineers Stationary Engineers, Local 39 and authorizing the Mayor, City Manager, City Attorney, and the City's Labor Consultant to execute the same; and
2. Retroactively approving and affirming Side Letter of Agreement No. 1 with the International Union of Operating Engineers Stationary Engineers, Local 39 authorizing the Mayor and City Manager to execute the same; and
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M. Cleve Morris, City Manager



Dave Warren, Director Finance

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PLACERVILLE
APPROVING A MEMORANDUM OF UNDERSTANDING AND SIDE LETTER NO. 1
WITH THE INTERNATIONAL UNION OF OPERATING ENGINEERS,
STATIONARY ENGINEERS, LOCAL 39, AUTHORIZING THE MAYOR, CITY
MANAGER, CITY ATTORNEY, AND THE CITY'S LABOR CONSULTANT TO
EXECUTE THE SAME, AND APPROVING \$112,305 IN BUDGET
APPROPRIATIONS**

WHEREAS, the City of Placerville has been in negotiations with the International Union of Operating Engineers, Stationary Engineers, Local 39 (Local 39) for the past seven months regarding salaries, benefits, and working conditions; and

WHEREAS, the City and Local 39 have reached an agreement which is embodied in the attached Memorandum of Understanding for the period of January 1, 2016 through December 31, 2018.

BE IT HEREBY RESOLVED that the City Council of the City of Placerville:

1. Approves the 2016-2018 Memorandum of Understanding with the International Union of Operating Engineers Stationary Engineers, Local 39 and authorizing the Mayor, City Manager, City Attorney, and the City's Labor Consultant to execute the same; and
2. Retroactively approves and affirms Side Letter of Agreement No. 1 with the International Union of Operating Engineers Stationary Engineers, Local 39 authorizing the Mayor and City Manager to execute the same; and
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The foregoing Resolution was introduced at a regular meeting of the City Council of the City of Placerville held on March 22, 2016, by Councilmember _____ who moved its adoption. The motion was seconded by Councilmember _____. The motion was passed by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Mayor Trisha Wilkins

ATTEST:

Kelly Witt, City Clerk