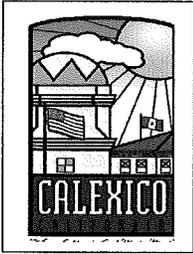


**AGENDA
ITEM**

12



AGENDA STAFF REPORT

DATE: October 12, 2016

TO: Mayor and City Council

APPROVED BY: Armando G. Villa, City Manager

PREPARED BY: Armando G. Villa, City Manager

SUBJECT: Approval of Tentative Letter of Understanding (LOU) between the City of Calexico and the Calexico Municipal Employees Association

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Recommendation:

Approval of Letter of Understanding (LOU) with the Calexico Municipal Employees Association.

Background:

City Negotiators have met and conferred with representatives of the Calexico Municipal Employees Association (CMEA) and have agreed on the attached Tentative Letter of Understanding (LOU) with the City of Calexico for the period beginning October 10, 2016 through June 30, 2018.

Discussion & Analysis:

In light of a pending budget shortfall for the fiscal year 2016 through 2017, the parties have agreed to the following fiscal concessions:

1. Suspension of the 9/80 work week through the term of the Agreement Fiscal Impact - As of the first pay period following the adoption of this Letter of Understanding, the parties agree that Association members shall not work a 9/80 work schedule as contemplated in Article 4, Section 4 of the 2011-2012 Memorandum of Understanding (MOU) for the term of the Agreement. The Association further agrees to waive any entitlement to automatic overtime pursuant to practice under the 9/80 work schedule.
2. Five Day, 8-Hour-Day Weekly Schedule with Furlough through the term of the Agreement - In lieu of the suspension of the 9/80 work week, the City will adopt a five day, 8-hour-day work week with a single furlough day each bi-weekly pay period.



3. CalPERS Pick Up - In lieu of the retirement benefits as set forth in the MOU, the parties agree that the Association members will pick up their individual CalPERS contribution (7%).
4. Health Benefit Premiums – In lieu of the health benefit premium obligations set forth in the MOU, the parties agree that the Association members will be responsible for 20% of their premium.
5. Sunset & Reopeners - The furlough day will sunset by June 30, 2018. Any extension, if necessary, would be discussed well in advance of that date and would need to be agreed upon by both parties. In addition, the City will re-open discussions on the elimination/reduction of furloughs once it is determined how much savings the City has received from the vacant positions identified by the Association (no more than thirty days from the beginning date of furloughs). The City Manager may eliminate furloughs at any time during this agreement.
6. Longevity Pay Increases - Bargaining unit members hired between January 1, 2002, and January 1, 2016, will be entitled to the Longevity Pay Increases as stated in the 2012 MOU.
7. Other - The Parties agree to continue to meet and negotiate over a successor MOU as required under the Meyers-Milias-Brown Act (MMBA). Once the parties come to an agreement on an MOU, this Side Letter of Agreement will be incorporated into the MOU.
8. Remainder of the Contract Not Affected - While the parties anticipate continued negotiation regarding the terms of a new Memorandum of Understanding (MOU), all other provisions of the current MOU between the City and the Association shall remain unchanged.

Coordinated With:

City Administration.
City Attorney's Office.

Attachment:

1. Letter of Understanding dated September 28, 2016.

**Letter of Understanding
Between
The City of Calexico and
The Calexico Municipal Employees Association**

The City of Calexico (City) and the Calexico Municipal Employees Association (Association) have previously met and conferred and agreed upon the following Letter of Understanding (LOU) for the period beginning October 10, 2016 through June 30, 2018. In light of a pending budget shortfall for the fiscal year 2016 through 2017, the parties have agreed to certain fiscal concessions.

1. Suspension of the 9/80 Work Week Through the Term of the Agreement

As of the first pay period following the adoption of this Letter of Understanding, the parties agree that Association members shall not work a 9/80 work schedule as contemplated in Article 4, Section 4 of the 2011-2012 Memorandum of Understanding (MOU) for the term of the Agreement.¹ The Association further agrees to waive any entitlement to automatic overtime pursuant to practice under the 9/80 work schedule.

2. Five Day, 8-Hour-Day Weekly Schedule With Furlough Through the Term of the Agreement

In lieu of the suspension of the 9/80 work week, the City will adopt a five day, 8-hour-day work week with a single furlough day each bi-weekly pay period. In other words, the City will coordinate a furlough day at its discretion once every two weeks. The City anticipates the furlough will be scheduled for either one of the two Fridays or Mondays occurring within the pay period.

As such, Article 4, Section 4 of the MOU shall be revised to read:

Section 4 – Work Week: The City's workweek begins as of Sunday at 12:00 a.m. and ends on 11:59 p.m. on Saturday. The City shall temporarily implement a 5-day, 8-hour-day work week for all employees until June 30, 2018.

¹ The most recent MOU expired as of June 30, 2012. The parties acknowledge that, where not expressly limited by date, the terms and conditions of employment as expressed in the MOU continue in effect until otherwise superseded.

Further, Article 5, Section 16 of the MOU shall be revised to read:

Section 16 – Work Furlough. Beginning as of the first pay period following the adoption of the Letter of Understanding, dated October 10, 2016, through June 30, 2018, the City shall implement, at its discretion, a single furlough day for each employee per pay period. The City anticipates the furlough will be scheduled for either one of the two Fridays or Mondays occurring within the pay period and will continue until the final pay period in June-2018.

3. **CalPERS Pick Up**

In lieu of the retirement benefits as set forth in the MOU, the parties agree that the Association members will pick up their individual CalPERS contribution (7%).

As such, Article 13, Section 1 of the MOU shall be revised to read:

Section 1 – Retirement. The City shall continue its contract with the California Public Employee Retirement System CalPERS. The City shall continue to pay its portion of the cost except as provided for in this section.

Effective as soon as practicable following the adoption of a Resolution allowing such contribution, all unit members other than “new members” as defined by California Government Code section 7522.04(f) shall individually pay the full member contribution required by CalPERS.

Unit members who are “new members” as defined in California Government Code section 7522.04(f), shall be required to pay a PERS contribution in an amount equal to 100% of the normal cost rate, up to a maximum of 8%, for the Defined Benefit Plan provided for by PEPR, in which the new member is enrolled, rounded to the nearest quarter of 1% or the current contribution rate of similarly situated employees, whichever is greater, pursuant to Government Code section 7522.30.

Those “new members” shall be enrolled in the 2.0% at 62 Benefit Plan, as provided for in Government Code section 7522.25(e), with a final compensation measurement period of 36 consecutive months as set forth in Government Code section 7522.32(a).

Such revised CalPERS contribution will occur as of the pay period immediately following the implementation of a Resolution allowing the described pick up, which will occur as soon as practicable following the adoption of the LOU.

4. Health Benefit Premiums

In lieu of the health benefit premium obligations set forth in the MOU, the parties agree that the Association members will be responsible for 20% of their premium.

As such, Article 12, Section 2 shall be revised to read:

Group Medical/Dental/Vision Insurance. The City agrees to contribute up to the following amounts toward medical/ dental/ vision insurance coverage:

Family: \$1,323.00
Single: \$577.00

The City and the Union agree to a change in the City's Health Plan.

The City agrees to pay 80% of the employee portion of the medical premiums. Employees will be responsible for 20% of the premium. Such premium obligation shall begin as of the first pay period following the adoption of the LOU. Unless there is agreement to the contrary, the City shall pay 100% of the increases in the medical premium as of the pay period following June 30, 2017.

The City and the Association agree that the City's Health Plan will no longer cover lifestyle (not medically necessary) prescription drugs.

Permanent Part-time Employees Medical Plan. A capitated medical plan is available to permanent part-time employees limited to medical services provided in Mexicali, B.C. Mexico by Almater Hospital and containing a maximum yearly benefit amount of \$15,000.00. The premium of \$75.00 per month for this medical plan will be paid $\frac{1}{2}$ by the permanent part-time employee and $\frac{1}{2}$ by the City.

5. Sunset & Reopeners

The furlough day will sunset by June 30, 2018. Any extension, if necessary, would be discussed well in advance of that date and would need to be agreed upon by both parties. In addition, the City will re-open discussions on the elimination/reduction of furloughs once it is determined how much savings the City has received from the vacant positions identified by the Association (no more than thirty days from the beginning date of furloughs). The City Manager may eliminate furloughs at any time during this agreement.

6. Longevity Pay Increases

Bargaining unit members hired between January 1, 2002, and January 1, 2016, will be entitled to the Longevity Pay Increases as stated in the 2012 MOU.7.

7. Other

The Parties agree to continue to meet and negotiate over a successor MOU as required under the Meyers-Miliias-Brown Act (MMBA). Once the parties come to an agreement on an MOU, this Side Letter of Agreement will be incorporated into the MOU.

Remainder of the Contract Not Affected

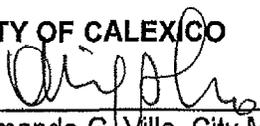
While the parties anticipate continued negotiation regarding the terms of a new Memorandum of Understanding (MOU), all other provisions of the current MOU between the City and the Association shall remain unchanged.

IN WITNESS WHEREOF, the parties hereto have executed this Letter of Understanding as of the latest day and year below.

Date: 9-28-16

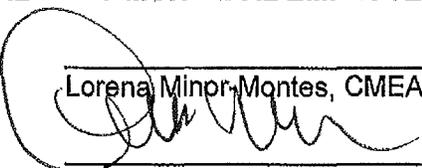
Date: 9-28-16

CITY OF CALEXICO



Armando G. Villa, City Manager

CALEXICO MUNICIPAL EMPLOYEES ASSOC.



Lorena Minor-Montes, CMEA President



Eduardo Gutierrez, Interim Director of Finance