

AGENDA STAFF REPORT

DATE: October 4, 2017

TO: Mayor and City Council

APPROVED BY: Armando G. Villa, City Manager *AGV*

PREPARED BY: Rosalind Guerrero, Human Resources/Risk Management Manager

SUBJECT: Approval of Letter of Understanding (LOU) between the City of Calexico and the Calexico Certified Operators/SEIU Local 221.

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Recommendation:

Approval of Letter of Understanding (LOU) between the City of Calexico and the Calexico Certified Operators/SEIU Local 221.

Background:

City negotiators have met and conferred with representatives of the Calexico Certified Operators/SEIU Local 221 and have agreed on the attached Tentative Letter of Understanding (LOU) with the City of Calexico for the period beginning January 1, 2018.

Discussion & Analysis:

The Calexico Certified Operators/SEIU Local 221 have agreed to the following concessions effective January 1, 2018:

1. CalPERS Pick Up

Beginning as of January 1, 2018, in lieu of the retirement benefits as set forth in the 2013-14 Memorandum of Understanding (MOU), the parties agree that the Association members will pick up 7% of their individual CalPERS contribution.

2. Graduated Health Benefit Premium Pick-Up

Beginning immediately as of the date of this LOU, the Association members will be responsible for fifteen percent (15%) of any health benefit premium. Thereafter, as of July 1, 2018, the Association members will be responsible for seventeen and one-half percent (17.5%) of any health premium. Finally, as of July 1, 2019, and thereafter, the Association members will be responsible for twenty percent (20%) of any health premium.

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3. Longevity Pay.

Beginning immediately as of the date of this LOU, Longevity Pay entitlement shall be re-implemented as to bargaining unit members hired before September 1, 2017. The Longevity Pay benefit is not available to any employee hired on or after September 1, 2017.

4. Training.

Effective as of July 1, 2018, the City will agree to cover reasonable and approved costs of in-state training for bargaining unit members. The City will not unreasonably withhold approval for reasonable and relevant training relevant to bargaining unit member duties.

5. Re-Opener.

Effective as of the date of this LOU, the parties agree that should the City sales tax revenues exceed five million dollars (\$5,000,000.00) in either the 2017-18 or 2018-19 fiscal years, economic issues will be reopened for negotiation.

6. The term of the MOU shall be September 1, 2017 through June 30, 2020.

7. Remainder of the Contract Not Affected

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 between the City of Calexico and the Calexico Certified Operators/SEIU Local 221.

**Letter of Understanding
Between
The City of Calexico and
The Calexico Certified Operators/ SEIU Local 221**

The City of Calexico (City) and the Calexico Certified Operators/ SEIU Local 221 (Association) have previously met and conferred and agreed upon the following Letter of Understanding (LOU) dated September of 2017. The parties have agreed as follows:

1. CalPERS Pick Up

Beginning as of January 1, 2018, in lieu of the retirement benefits as set forth in the 2013-2014 Memorandum of Understanding (MOU), the parties agree that the Association members will pick up 7% of their individual CalPERS contribution.

As such, Article 13, Section 1 of the MOU shall be revised as of January 1, 2018 to read:

Section 1 – Retirement:

Retirement benefits are subject to the Public Employees' Pension Reform Act (PEPRA) and related Public Employees' Retirement Law (PERL). If there is a conflict between this MOU and requirements pursuant to PEPRA and/or PERL, PEPRA and PERL shall prevail.

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.

All unit members other than "new members" as defined by California Government Code section 7522.04(f) shall individually pay 7% of the 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 50% of the normal cost rate, up to a maximum of 8% for the Defined Benefit Plan provided for by PEPRA, 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.

This section also supersedes the CalPERS contribution provided for in the Side Letter between the City and the Association executed in March of 2014.

2. **Graduated Health Benefit Premium Pick-Up**

Beginning immediately as of the date of this LOU, the Association members will be responsible for fifteen percent (15%) of any health benefit premium. Thereafter, as of July 1, 2018, the Association members will be responsible for seventeen and one-half percent (17.5%) of any health premium. Finally, as of July 1, 2019, the Association members will be responsible for twenty percent (20%) of any health premium.

As such, Article 12, Section 2 of the MOU shall be revised as of the date of this LOU to read:

Section 2 - Group Medical/Dental/Vision Insurance: The City agrees to contribute up to 80% of the health benefit premium for the employee's selected health benefit package.

As of September 1, 2017, Employees will be responsible for 15% of any health benefit premium. As of July 1, 2018, Employees will be responsible for 17.5% of any health benefit premium. Finally, as of July 1, 2019 and thereafter, Employees will be responsible for 20% of any health benefit premium.

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 1/2 by the permanent part-time employee and 1/2 by the City.

This section also supersedes the Medical Insurance Plan contribution provided for in the Side Letter between the City and the Association executed in March of 2014.

3. **Longevity Pay**

Beginning immediately as of the date of this LOU, Longevity Pay entitlement shall be re-implemented as to bargaining unit members hired before September 1, 2017. The Longevity Pay benefit is not available to any employee hired on or after September 1, 2017.

As such, Article 5, Section 9 of the MOU shall be revised as of the date of this LOU to read:

Section 9 – Longevity Pay: Longevity Pay is not available to any employee hired or re-hired on or after September 1, 2017. For bargaining

unit members hired before September 1, 2017, Longevity Pay will be paid on the following schedule: \$20.00 per month for five (5) years of continuous service; an additional \$30.00 per month for ten (10) years of continuous service; an additional \$40.00 per month for fifteen (15) years of continuous service; an additional \$50.00 per month for twenty (20) years of continuous service; and, finally, an additional \$60.00 per month for twenty five (25) or more years of continuous service. All existing employees shall be entitled to receive longevity pay until their employment with the City of Calexico is terminated.

4. Training

Effective as of July 1, 2018, the City will agree to cover reasonable and approved costs of in-state training for bargaining unit members. The City will not unreasonably withhold approval for reasonable and relevant training relevant to bargaining unit member duties.

As such, Article 16, Section 2 of the MOU shall be revised as of the date of this LOU to read:

Section 2 - Training: The Department Head is responsible for developing training programs for employees. Such training programs may include lecture courses, demonstrations, assignments of reading materials or such other devices as may be available for the purpose of improving the effectiveness and broadening the knowledge of the bargaining unit members in the performance of their duties. The City shall also provide confined space and hazardous materials handling training.

A third party accredited training institute or academy may also be used from time to time. The City agrees that it will cover reasonable and appropriate pre-approved costs associated with such training for bargaining unit members. The City has discretion to approve or deny any request for such training. The City will not unreasonably withhold approval where the training is in-state, relevant to member duties, and where the costs and time requirements of such training are reasonable given the City's needs.

5. Re-Opener

Effective as of the date of this LOU, the parties agree that should the City sales tax revenues exceed five million dollars (\$5,000,000.00) in either 2017-18 or 2018-19 fiscal years, economic issues will be reopened for negotiation.

As such, Article 18, of the MOU shall be revised as of the date of this LOU to include the following Section 5:

Section 5 - Re-Opener: The parties agree that should the City sales tax revenues are over five million dollars (\$5,000,000.00) in either the 2017-18 or 2018-19 fiscal year, the parties will reopen negotiations regarding economic issues. The re-opening of negotiations will not result in a loss of pay or benefits to the employees.

6. The term of the MOU shall be September 1, 2017 through June 30, 2020.

7. **Remainder of the Contract Not Affected**

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: _____

CITY OF CALEXICO

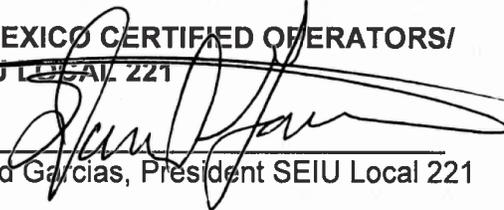
Armando G. Villa, City Manager

Eduardo Gutierrez, Interim Director of Finance

Rosalind Guerrero, Human Resources & Risk Management Manager

Date: 9/30/2017

CALEXICO CERTIFIED OPERATORS/
SEIU LOCAL 221



David Garcia, President SEIU Local 221

Karen Paredes-Tupper, Snr. Worksite Organzier, SEIU Local 221

Jesus Navarro, President

Jose Alvarado

Eduardo Barron

Juan Diego Lopez

Jesus Marquez