CITY COUNCIL STAFF REPORT
Meeting: July 16, 2019

Subject

Approve the July 1, 2019 through June 30, 2022 terms and conditions of employment for the Cupertino City Employees' Association (CEA).

Recommended Action

1) Adopt the Draft Resolution amending the Memorandum of Understanding (MOU) for the Cupertino City Employees' Association (CEA) based on the attached tentative agreements; and

2) Authorize staff to make the necessary budget adjustments to ensure that there are sufficient budget appropriations to cover the costs associated with the negotiated contract.

Description

The City has reached a tentative agreement with the Cupertino City Employees' Association (CEA). The negotiated package is within City Council parameters for the Fiscal Years (FY) 2019 - 2022. Key provisions of the tentative labor agreements are summarized below:

- Term – 3 years, July 1, 2019 through June 30, 2022
- Salary
  - Equity adjustments for any classification found to be below median of market.
  - Cost of Living adjustments (COLAs): 4.0% in year one; 3.5% in year two; and 3.0% in year three of the contract.
- Benefits
  - Maintain current medical insurance benefit structure, with the addition of a $375 per month health-in-lieu payment for employees who provide proof of other insurance coverage. This payment shall be in the form of a contribution to the employee's deferred compensation plan.
  - City health contribution changes are noted in the table below reflecting a 5% increase each year due to health premiums costs.

Effective January 1, 2019	City Max Health Contribution	City Max Dental Contribution	City Total Max Contribution
Employee	848.87	126.78	975.65
Employee +1	1,443.09	126.78	1,569.87
Employee +2	1,876.01	126.78	2,002.79

January 1, 2020	City Max Health Contribution	City Max Dental Contribution	City Total Max Contribution
Employee	891.32	126.78	1,018.10
Employee +1	1,515.24	126.78	1,642.02
Employee +2	1,969.81	126.78	2,096.59

January 1, 2021	City Max Health Contribution	City Max Dental Contribution	City Total Max Contribution
Employee	935.88	126.78	1,062.66
Employee +1	1,591.01	126.78	1,717.79
Employee +2	2,068.31	126.78	2,195.09

- Retirement - no changes to the current benefit structure.
- Transition from the current Short-Term Disability plan (premiums paid by City) to California State Disability Insurance, with 1% cost paid by employees. Benefits and waiting period are similar to the City's current plan, but CA SDI provides for paid adoption and bonding leaves.
- Increase educational reimbursement from $1,350 per year to $2,000 per year.
- Increase Rec Bucks benefit from $400 per year to $500 per year.
- Provide safety footwear to two bargaining unit classifications (a total of 8 employees) at a maximum cost of $400 per year per employee.

Fiscal Impact

The City will incur an additional cost of $498,965 in the first year (FY2019-20), an additional cost of $837,221 in the second year (FY2020-21) and an additional cost of $1,124,301 in the third year (FY2021-22) for a total of $2,460,487 in ongoing costs. A budget adjustment for increased costs in the first year is recommended. At the time of the adopted budget, costs related to the labor contracts were unknown and not included in the adopted budget.

	FY 2019-20	FY 2020-21	FY 2021-22	Total
CEA	$ 498,965	$ 837,221	$ 1,124,301	$ 2,460,487
OE3	$ 313,848	$ 516,638	$ 705,846	$ 1,536,332
Unrepresented	$ 829,315	$ 1,505,914	$ 1,999,613	$ 4,334,842
Appointed	$ 375	$ 872	$ 1,394	$ 2,641
Elected	$ 14,779	$ 16,374	$ 18,050	$ 49,203
Total	$ 1,657,282	$ 2,877,019	$ 3,849,204	$ 8,383,505

Prepared by: Leslie Dornell, Human Resources Manager
Approved for Submission by: Deborah Feng, City Manager
Attachments:
       A – Draft Resolution
       B – Redlined 2016-2019 CEA MOU, illustrating all tentative agreements
       C – Proposed CEA MOU for 2019-2022