



ADMINISTRATIVE SERVICES DEPARTMENT

CITY HALL

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CITY COUNCIL STAFF REPORT

Meeting: October 4, 2016

Subject

Approve the July 1, 2016 through June 30, 2019 terms and conditions of employment for the Unrepresented (Management and Confidential) Employees' Compensation Program.

Recommended Action

- 1) Adopt Draft Resolution No. ____ amending the July 1, 2016 through June 30, 2019 terms and conditions of employment for the Unrepresented (Management and Confidential) Employees' Compensation Program.
- 2) Authorize staff to make the necessary budget adjustments to ensure that there are sufficient budget appropriations to cover the costs associated with the agreement.

Description

The City has reached tentative agreements with the Cupertino City Employees' Association (CEA) and the Operating Engineers Local Union No. 3, AFL-CIO (OE3). Similar terms are proposed for the Unrepresented (Management and Confidential) Employees.

The negotiated package is within City Council parameters for the Fiscal Years (FY) 2016-2019. Key provisions of the agreements are summarized below:

- Term – 3 years, July 1, 2016 through June 30, 2019
- Salary
 - Cost of Living adjustments (COLAs)
 - Effective October 1, 2016 – 3.50%, includes Employer Paid Misc. Contribution (EPMC) swap as discussed in the retirement section below, 1% for Tier 1 and .75% for Tier 2.
 - Effective the first full pay period in July 2017 – 3.25%, includes a .75% EPMC swap for Tier 1 as discussed in the retirement section below
 - Effective the first full pay period in July 2018 – 2.50%

- Market Adjustments – The city retained the services of Koff and Associates to conduct a salary survey which included base pay and total compensation to determine if market adjustments to base pay were necessary. Several classifications within this group were found to be below median of market when looking at the base pay. These adjustments range from 2% up to 12%. For any confidential classification, they city will be making the full equity adjustments effective October 1, 2016. For management classifications, these equities will be phased in over the three year agreement similar to the equities that were phased in between 2012-2015 for the City's other bargaining units.
- Benefits
 - Health and Dental changes as noted in the table below. Dental changes reflect 100% of costs paid by the city in the first year and per dependent coverage increasing from \$1,000 to \$2,500 annually. In addition, the City has eliminated the excess health provision.
 - HRA – Effective October 1, 2016, the City has eliminated the HRA contributions of \$163 per month. Employees will be able to keep their existing banks and the City will continue to pay the administrative fee for maintaining those banks.
 - Benefit deductions will change from bi-weekly to bi-monthly. This will make deductions consistent with timing of when benefits are paid.

Effective October 1, 2016	City Max Health Contribution	City Max Dental Contribution	City Total Max Contribution
Employee	733.39	134.85	868.24
Employee +1	1,246.59	134.85	1,381.44
Employee +2	1,620.57	134.85	1,755.42

January 1, 2018	City Max Health Contribution	City Max Dental Contribution	City Total Max Contribution
Employee	769.95	134.85	904.80
Employee +1	1,308.92	134.85	1,443.77
Employee +2	1,701.60	134.85	1,836.45

January 1, 2019	City Max Health Contribution	City Max Dental Contribution	City Total Max Contribution
Employee	808.45	134.85	943.30
Employee +1	1,374.37	134.85	1,509.22
Employee +2	1,786.68	134.85	1,921.53

- Retirement
 - Effective October 1, 2016
 - Tier 1 – Will pay an additional 1% of the Employer Paid Misc. Contribution (EPMC) for a total of 7.25%
 - Tier 2 – Will pay an additional .75% of the Employer Paid Misc. Contribution (EPMC) for a total of 7.00%
 - Tier 3 – No changes to this tier as they pay 50% of normal costs 6.25%
 - Effective first full pay period in July 2017
 - Tier 1 – Will pay an additional .75% of the Employer Paid Misc. Contribution (EPMC) for a total of 8%
 - Tier 2 – No changes to this tier cost remain at 7.00%
 - Tier 3 – No changes to this tier as they pay 50% of normal costs 6.25%
- Short Term Disability – City paid short term disability program has a 7 day waiting period consistent with the State of California’s short term disability program. The benefit coverage will be 66.67% or up to a weekly max of \$1,615. The maximum benefit period will be 13 weeks and covers short term disability incidents related to accidents and illness.
- Vacation Accruals – Have been increased in 3 of the 5 service time categories as shown below:

<u>Service Time</u>	<u>Annual Accruals</u>	<u>Maximum Accrual</u>
0 - 3 Years	80 Hours	160 Hours
4 - 9 Years	120 Hours	240 Hours
10 – 14 Years	136 <u>160</u> Hours	272 Hours
15 – 19 Years	160 <u>176</u> Hours	320 Hours
20 + Years	176 <u>192</u> Hours	352 Hours

Fiscal Impact

The City will incur a cost of \$472,850 in the first year (FY2016-17), an additional cost of \$436,241 in the second year (FY2017-18) and an additional cost of \$377,495 in the third year for a total of \$1,286,585 in ongoing costs (starting FY2018-19). A budget adjustment for increased costs in the first year is recommended. At the time of the final budget costs related to the labor contracts were unknown and not included in the final budget.

Citywide costs for these labor agreements are summarized in the table below:

Employee Group	Year 1 Costs		Year 2 Costs		Year 3 Costs		3 Year Costs
OE3	\$	319,485	\$	178,222	\$	170,192	\$ 667,899
CEA	\$	470,230	\$	302,011	\$	279,563	\$ 1,051,804
UNRP	\$	472,850	\$	436,241	\$	377,495	\$ 1,286,585
Total Costs	\$	1,262,565	\$	916,474	\$	827,250	\$ 3,006,288

Prepared by: Kristina Alfaro, Director of Administrative Services

Approved for Submission by: David Brandt, City Manager

Attachments:

- A - Draft Resolution amending the Unrepresented Employees' Compensation Program
- B - Redline Unrepresented Employees' Compensation Program
- C - Clean Unrepresented Employees' Compensation Program