



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 Operating Engineers Local Union No. 3, AFL-CIO (OE3).

Recommended Action

- 1) Authorize staff to amend the Memorandum of Understanding for OE3 based on the attached tentative agreements.
- 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 OE3, the bargaining unit representing Public Works maintenance employees. The negotiated package is within City Council parameters for the Fiscal Years (FY) 2016-2019. Key provisions of the tentative labor agreements are summarized below:

- Term – 3 years, July 1, 2016 through June 30, 2019
- Salary
 - Equity adjustments for any classification found to be below median of market.
 - 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%.

- 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%
- 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 \$319,485 in the first year (FY2016-17), an additional cost of \$178,222 in the second year (FY2017-18) and an additional cost of \$170,192 in the third year for a total of \$667,899 in ongoing costs (starting in 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.

Prepared by: Kristina Alfaro, Director of Administrative Services

Approved for Submission by: David Brandt, City Manager

Attachments:

- A. Tentative Agreement – Section 2: Union Recognition
- B. Tentative Agreement – Section 10: Compensation for Services
- C. Tentative Agreement – Section 11: Pension
- D. Tentative Agreement – Section 12: Health Benefits
- E. Tentative Agreement – Section 14: Paid Absences
- F. Tentative Agreement – Section 15: Sick Leave Conversion
- G. Tentative Agreement – Section 18: Training and Tuition Reimbursement
- H. Tentative Agreement – Section 24: Grievance Procedure
- I. Tentative Agreement – Section 29: Term
- J. Tentative Agreement – New Section: Heath Deduction