

# Agenda Report

January 10, 2011

**TO:** Honorable Mayor and City Council

**FROM:** Department of Human Resources

**SUBJECT:** APPROVAL OF THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF PASADENA AND AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES, FOR THE TERM JULY 4, 2010 THROUGH JULY 3, 2012

## **RECOMMENDATION:**

It is recommended that the City Council approve a successor Memorandum of Understanding (MOU) between the City of Pasadena and the American Federation of State, County and Municipal Employees (AFSCME), for a two-year term covering the period July 4, 2010 through July 3, 2012.

## **BACKGROUND:**

For several months staff worked with the representatives for AFSCME on their contract that was set to expire on June 30, 2010. In that contract AFSCME had agreed to delay a 4% increase due to them in June 2009 to June 30, 2010. Staff had been working with AFSCME to forgo that increase but unfortunately staff was not successful. To address the 4% increase that would take place in fiscal year 2011, the City and representatives of AFSCME negotiated in good faith and have reached tentative agreement on a successor MOU. On December 20, 2010, the AFSCME membership ratified the tentative agreement reached by the parties. Economic adjustments and significant changes to the MOU include the following:

1. **Salaries:** No salary increase is provided for in 2010 or 2011. Effective January 1, 2012, provide for a 1% salary increase to all classifications in the bargaining unit;

2. Retirement: Effective January 1, 2011, increase employee member contribution toward retirement by an additional 1.7%. Effective January 1, 2012, increase employee member contribution toward retirement by an additional 1.7%, for a total employee member contribution of 8%. Maintain employer paid and reported EPMC pursuant to GC 20636(c)(4);
3. Payroll: Freeze step increases from January 1, 2011 through June 30, 2012, for all employees in this bargaining unit. Thereafter, step increases will progress under normal processes;
4. Health Insurance: Effective January 1, 2011, increase the City contribution to the Employee Option Benefit fund (EOBF) from \$982.31 to \$1,064. 26 per month. For employees in this bargaining unit who have full family medical coverage, provide an EOBF amount equal to the premium of the least expensive family health plan offered to all City employees;
5. Holidays: Suspend subsection B(2) floating holiday for calendar year 2011, for all employees in this bargaining unit;
6. Retiree Medical: Amend contract language to relieve the City of its obligation to allocate \$850,000 per year, once negotiated, to fund a retiree medical program;
7. Class B Driver's License: Amend contract language to limit exclusion to those employed as of July 3, 2006;
8. Job Security Statement: Add language acknowledging the City's desire to avoid eliminating jobs. If circumstances outside of the City's control require such an action, layoffs will occur only after a discussion in public session is held with City Council.

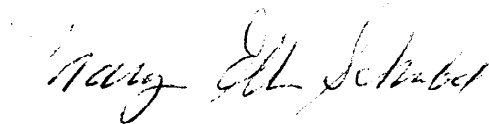
**COUNCIL POLICY CONSIDERATION:**

The adoption of the Memorandum of Understanding between the City of Pasadena and the American Federation of State, County and Municipal Employees supports the City Council's strategic goal of maintaining fiscal responsibility and stability.

**FISCAL IMPACT:**

For fiscal year 2011, AFSCME members received a 4% increase or \$819,909 that was not anticipated in the adopted budget. Adoption of the proposed successor contract will reduce the impact of the 4% increase by \$234,500 in fiscal year 2011 and by \$580,011 in fiscal year 2012, for a total net reduction of \$814,511 over a two year term.

Respectfully Submitted,



Mary Ellen Schubel  
Interim Director  
Department of Human Resources

Approved by:



MICHAEL J. BECK  
City Manager