

Agenda Report

DATE: June 18, 2012

TO: Honorable Mayor and City Council

FROM: Department of Human Resources

RE: APPROVAL OF AN AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF PASADENA AND PASADENA ASSOCIATION OF CLERICAL AND TECHNICAL EMPLOYEES, FOR THE TERM OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2015 AND RELATED RESOLUTIONS

RECOMMENDATION:

It is recommended that the City Council

1. Approve a successor Memorandum of Understanding (MOU) between the City of Pasadena (City) and the Pasadena Association of Clerical and Technical Employees for the term of October 1, 2010 through September 30, 2015;
2. Adopt a resolution of the City Council of the City of Pasadena to authorize tax deferral of member paid contributions to the California Public Employees' Retirement System for the miscellaneous employees in the bargaining unit represented by PACTE/LIUNA, Local 777; and
3. Adopt a resolution of the City Council of the City of Pasadena to report the value of employer paid member contributions (EPMC) for the miscellaneous employees represented by PACTE/LIUNA, Local 777 and supercedes resolution No. 8773 insofar as it applies to the miscellaneous employees represented by PACTE/LIUNA, Local 777

BACKGROUND:

The City and representatives of PACTE have met and conferred in good faith and have reached agreement on a successor MOU, which provides for the following:

1. Salaries: A re-opener on salaries February 1, 2014 at the request of either party. Effective July 13, 2015, provide a 2% salary increase in each step of the classification salary step schedule for all classifications in PACTE.
2. Retirement: Effective July 2, 2012, or as soon as administratively possible thereafter, bargaining unit members will pick up an additional 3.4% of member contribution to PERS (for a total of 8%). Member contributions will be deducted on a pre-tax basis. Effective July 2, 2012, or as soon as administratively possible thereafter, Employer Paid Member Contribution (EPMC) and PERS on PERS will be eliminated. In order to implement these specific changes, two separate resolutions will be forwarded to CalPERS. The intent is that these resolutions will only impact PACTE/LIUNA and no other city bargaining unit will be impacted.
3. Health Insurance: Effective upon adoption of this agreement by City Council, employees with full family coverage will receive a one-time reimbursement in the amount of \$37.38 per month for the difference between January 2012 and the pay period following City Council approval for full family coverage that is in excess of the out of pocket expense incurred as of December 2011 for the least expensive family health plan premium. Effective January 1, 2012, tie City's contribution to Employee Option Benefit Fund (EOBF) for full family health plan to premium of least expensive family health plan offered to all employees. Freeze City's contribution to EOBF for Single and 2-party coverage at \$1061.26 until the premium of least expensive plan in each category exceeds the City's contribution. Then, the City's contribution to the EOBF will, when combined with the mandated PERS monthly contribution, increase to equal the premium of the least expensive single and 2-party health insurance plans offered and available to all City employees. Cap City's EOBF contribution to current employees with No City Insurance at \$1061.26. Effective July 1, 2012, the City will contribute \$400 to EOBF for all new employees who do not take City's medical coverage.
4. Vacation: Effective January 1, 2013, or as soon as administratively possible thereafter, employees will accrue vacation as earned. Employees will not receive an annual allocation of vacation hours in January of each year.
5. Sick Leave: Effective January 1, 2013, or as soon as administratively possible thereafter, employees will accrue sick leave as earned. Employees will not receive an annual allocation of sick leave hours in January of each year.
6. LIUNA Pension Fund: Effective July 2, 2012, or as soon as administratively possible thereafter, the City agrees to withdraw from the LIUNA Pension Fund and pay the liability fees associated with the withdrawal.
7. Retiree Medical: PACTE agrees to withdraw from the Retiree Medical Coalition of Miscellaneous Bargaining Units.

8. Job Security Statement: For the term of the MOU, layoffs and the resulting service impacts will only occur after discussion by the City Council in a public session.

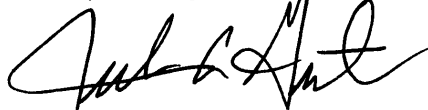
COUNCIL POLICY CONSIDERATION:

The adoption of the Memorandum of Understanding between the City of Pasadena and the Pasadena Association of Clerical and Technical Employees supports the City Council's strategic goal of maintaining fiscal responsibility and stability.

FISCAL IMPACT:

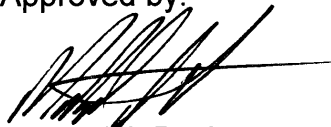
There is a one-time cost to withdraw from the LIUNA Pension Fund which the City estimates between \$2.8 million to \$3.1 million. The City will fund this through an internal borrowing structure. The recommended MOU changes will result in a structural savings of \$950,000 annually. It is anticipated that these savings will offset the withdrawal cost over a three year period.

Respectfully Submitted,



Julie A. Gutierrez
Interim Director
Department of Human Resources

Approved by:



Michael J. Beck
City Manager

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA TO
AUTHORIZE TAX DEFERRAL OF MEMBER PAID CONTRIBUTIONS TO THE
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM FOR THE
MISCELLENEOUS EMPLOYEES IN THE BARGAINING UNIT REPRESENTED BY
PACTE/LIUNA, LOCAL 777**

WHEREAS, the governing body of the City of Pasadena has the authority to implement the provisions of section 414(h)(2) of the Internal Revenue Code (IRC); and

WHEREAS, the City of Pasadena has determined that even though the implementation of the provisions of section 414(h)(2) IRC is not required by law, the tax benefit offered by section 414(h)(2) IRC should be provided to all miscellaneous employees in the bargaining unit represented by PACTE/LIUNA, Local 777 who are members of the California Public Employees' Retirement System.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Pasadena as follows:

Section 1. That the City of Pasadena will implement the provisions of section 414(h)(2) Internal Revenue Code by making employee contributions pursuant to California Government Code section 20691 at a rate of 0% to the California Public Employees' Retirement System on behalf of all its employees or all its employees in a recognized group or class of employment who are members of the California Public Employees' Retirement System. "Employee contributions" shall mean those contributions to the Public Employees' Retirement System which are deducted from the salary of employees and are credited to individual employee's accounts pursuant to California Government Code section 20691.

Section 2. That the contributions made by the City of Pasadena to the California Public Employees' Retirement System at a rate of 0%, although designated as employee contributions, are being paid by the City of Pasadena in lieu of contributions by the employees who are members of the California Public Employees' Retirement System.

Section 3. That employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the City of Pasadena to the California Public Employees' Retirement System.

Section 4. That that City of Pasadena shall pay to the California Public Employees' Retirement System the contributions designated as employee contributions from the same source of funds as used in paying salary.

Section 5. That the amount of the contributions designated as employee contributions and paid by the City of Pasadena to the California Public Employees' Retirement System on behalf of an employee at a rate of 0% shall be the entire contribution required of the employee by the California Public Employees' Retirement Law (California Government Code sections 20000, et seq.)

Section 6. That the contributions designated as employee contributions made by the City of Pasadena to the California Public Employees' Retirement System shall be treated for all purposes, other than taxation, in the same way that member contributions are treated by the California Public Employees' Retirement System.

Adopted at the regular meeting of the City Council on the _____ day of _____, 2012, by the following vote:

AYES:

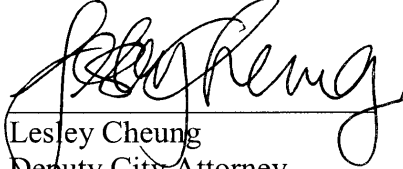
NOES:

ABSENT:

ABSTAIN:

Mark Jomsky
City Clerk

APPROVED AS TO FORM:



Lesley Cheung
Deputy City Attorney

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA TO REPORT THE VALUE OF EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC) FOR THE MISCELLANEOUS EMPLOYEES REPRESENTED BY PACTE/LIUNA, LOCAL 777 AND SUPERCEDES RESOLUTION NO. 8773 INsofar AS IT APPLIES TO THE MISCELLANEOUS EMPLOYEES REPRESENTED BY PACTE/LIUNA, LOCAL 777

WHEREAS, the governing body of the City of Pasadena has the authority to implement Government Code section 20636(c)(4) pursuant to Government Code section 20691; and

WHEREAS, the governing body of the City of Pasadena has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation; and

WHEREAS, one of the steps in the procedures to implement Government Code section 20691 is the adoption by the governing body of the City of Pasadena of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC); pursuant to CCR Title 2 section 571(a)(1); and

WHEREAS, the governing body of the City of Pasadena has identified the following conditions for the purpose of its election to pay EPMC:

1. This benefit shall apply to all miscellaneous employees in the bargaining unit represented by PACTE/LIUNA, Local 777;
2. This benefit shall consist of paying 0% of the normal contributions as EPMC, and reporting the same percent 0% of compensation earnable *(excluding Government Code Section 20636(c)(4)) as additional compensation.
3. The effective date of this Resolution shall be July 2, 2012.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Pasadena as follows:

Section 1. The governing body of the City of Pasadena elects to pay and report the value of EPMC, as set forth above; and

Section 2. The prior resolution governing the reporting of the value EPMC for this group, Resolution No. 8773 is superseded only insofar as that Resolution No. 8773 applies to the miscellaneous employees in the bargaining unit represented by PACTE/LIUNA, Local 777.

Adopted at the regular meeting of the City Council on the _____ day of _____, 2012, by the following vote:

AYES:

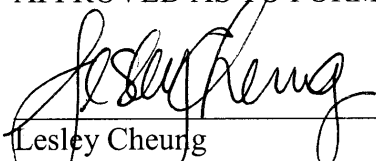
NOES:

ABSENT:

ABSTAIN:

Mark Jomsky
City Clerk

APPROVED AS TO FORM:



Lesley Cheung
Deputy City Attorney