

Agenda Report

DATE: December 16, 2013

TO: Honorable Mayor and City Council

FROM: Human Resources Department

SUBJECT: CONSIDERATION OF ADVISORY RECOMENDATIONS OF A
FACTFINDING PANEL AND RECOMENDATION TO IMPOSE TERMS
AND CONDITIONS OF EMPLOYMENT ON THE INTERNATIONAL
UNION OF OPERATING ENGINEERS, LOCAL 501

RECOMMENDATION:

It is recommended that the City Council:

1. Impose terms and conditions of employment on the International Union of Operating Engineers, Local 501(IUOE) as recommended by the fact finding report issued on November 19, 2013; and
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 IUOE; 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 IUOE and supersede resolution No. 8773 insofar as it applies to the miscellaneous employees represented by IUOE.

BACKGROUND:

IUOE represents approximately twenty-six employees working at the Power Plant in the Department of Water and Power. The City and representatives of IUOE began meeting on March 20, 2012 to negotiate a successor Memorandum of Understanding (MOU) for the IUOE MOU that expired on March 27, 2012 and met and conferred in good faith through May 1, 2013 when the parties reached a tentative agreement on a successor

MOU. IUOE presented the tentative agreement to its members who failed to ratify the agreement. The City issued a last, best, and final offer to IUOE on June 12, 2013 which also failed to be accepted by IUOE. The City declared impasse on June 22, 2013.

City representatives and IUOE participated in mediation on July 25, 2013 in an attempt to resolve our differences. We were unable to reach an agreement. Following the mediation, IUOE filed a request for fact finding with the Public Employment Relations Board (PERB) pursuant to section 3505.4 of the Meyers-Milias-Brown Act (MMBA) and PERB Regulation 32802. The fact finding hearing was conducted on October 9, 2013 at City Hall by a three-member fact finding panel consisting of a IUOE appointed member, a City appointed member, and a mutually selected neutral member from PERS's list of neutrals who served as Chair of the panel. The fact finding panel considered the City's last, best and final proposal, heard testimony on the items of dispute, and received/reviewed notes, documents, and other information submitted related to the labor negotiations process.

Following the hearing, the fact finding panel met on October 22, 2013 to review information obtained at the hearing. On November 19, 2013 the Chair of the fact finding panel issued the report and recommendations of the fact finding panel. The recommendation of the panel is for the City Council to impose its last, best and final offer as the settlement. A copy of the report is provided as Attachment 1.

Imposition of the last, best and final offer provides the following changes to the terms and conditions of employment of IUOE members:

1. Salaries: Effective the pay period following approval of the terms and conditions, employees receive a 2% salary increase.
2. Lump Sum payment: Effective the pay period following approval of the terms and conditions, employees will receive a lump sum payment of \$500.
3. Retirement: Effective the pay period following approval of the terms and conditions, employees will contribute to retirement an additional 3.4% of member contributions, for a total of 8% member contribution. Member contributions will be deducted on a pre-tax basis. Employer Paid Member Contribution (EPMC) and the reported value of PERS on PERS will be reduced to 0% following adoption of the MOU. Retirement provisions for new members, as defined by the Pension Reform Act of 2013, have been incorporated into the terms and conditions.
4. Short-Term Disability: Effective January 1, 2014, the City will provide a short term disability plan that has a thirty day elimination period, provides 50% of the employee's salary up to a maximum of \$1,750 per week for a maximum of twenty-two weeks. The plan premium will be paid by the City and the benefit will be taxable to the employee. The addition of the short-term disability plan results

in a modification to the long term disability plan elimination period which will increase from sixty days to one hundred eighty days.

5. Sick Leave: Effective January 1, 2014 employees will transition to accrued based sick leave providing sick leave accrual at 3.08 hours per pay period (80 hours per year) up to a maximum of 1200 hours. The extended sick leave program is eliminated effective January 1, 2014 and depending on years of service, employees will receive a one-time lump sum of sick leave hours added to his/her sick leave accrual bank as follows:
 - a. Unit members with fifteen (15) years of service or more receive 400 hours
 - b. Unit members with more than ten (10) but less than fifteen (15) years of service receive 240 hours
 - c. Unit members with less than ten (10) years of service receive 178 hours
6. Vacation: Effective January 1, 2014, employees will transition to accrued based sick leave based on years of service. Maximum vacation accrual will be capped at twice an employee's annual accrual.
7. Life Insurance: Effective January 1, 2014, the life insurance benefit for unit members will increase to \$30,000.
8. Higher Classification Pay: employees who assume the responsibilities of a higher classification will receive acting pay of 5% after working in the higher classification for one day.
9. Work schedules: the City and IUOE will form a joint labor management committee to review unit member work schedules.
10. Document language: The terms and conditions of employment have been re-written and reorganized for clarity, legal compliance, and organizational effectiveness. These changes do not directly reflect monetary impacts; rather, they correct the language to the law, department procedures, and best practices.

COUNCIL POLICY CONSIDERATION:

Imposing terms and conditions of employment between the City of Pasadena and the International Union of Operating Engineers support the City Council's strategic goal of maintaining fiscal responsibility and stability.

FISCAL IMPACT:

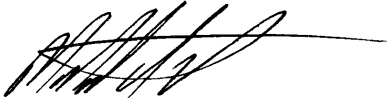
The recommended MOU changes will result in a savings of \$42,029.

Respectfully Submitted,



Kristi Recchia
Director of Human Resources

Approved by:



Michael J. Beck
City Manager

Attachments:

1. CITY OF PASADENA AND INTERNATIONAL UNION OF OPERATING ENGINEERS LOCAL 501 (IUOE) – REPORT AND RECOMMENDATIONS OF THE FACT FINDING PANEL (PERB CASE NO. LA-IM-142-M), NOVEMBER 19, 2013
2. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA MODIFYING THE PERCENTAGE OF EMPLOYER PAID MEMBER CONTRIBUTIONS FOR THE MISCELLANEOUS EMPLOYEES IN THE BARGAINING UNIT REPRESENTED BY INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 501 (IUOE)
3. 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 INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 501 (IUOE)
4. TERMS AND CONDITIONS OF EMPLOYMENT BETWEEN THE CITY OF PASADENA AND INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 501 (IUOE)