

Agenda Report

March 2, 2015

TO: Honorable Mayor and City Council

FROM: Department of Human Resources

SUBJECT: APPROVAL OF A SIDE LETTER OF AGREEMENT BETWEEN THE CITY OF PASADENA AND PASADENA MANAGEMENT ASSOCIATION REGARDING LEAVES OF ABSENCE

RECOMMENDATION:

It is recommended that City Council approve a side letter of agreement between the City of Pasadena (City) and Pasadena Management Association (PMA) regarding leaves of absence.

BACKGROUND:

The Memorandum of Understanding (MOU) between the City and PMA expired on March 17, 2014. The parties have been engaged in labor negotiations for a successor MOU. The side letter of agreement presented for City Council approval has been ratified by the members of PMA and sets forth leaves of absence provisions to be implemented effective with City Council approval (unless otherwise noted in the side letter). These provisions are consistent with the City's objective to standardize leaves of absence and reduce future liabilities. These are one-time costs to reduce the City's liability associated with the cash out of earned but unused leaves of absence, but these one-time costs will result in long term savings. The significant provisions of the side letter provide for the following:

1. Vacation: Transition from allotment based vacation to accrual based vacation effective the beginning of the pay period that includes January 1, 2016. Vacation accrual is provided based on years of service and the maximum accrual is capped at twice the annual accrual. With the May 13, 2015 paycheck, employees will receive a cash-out of accrued vacation for hours in excess of one and a half times the annual accrual unless the employee designates one of the alternatives on the Leave Conversion Form provided by Human Resources.
2. Sick leave: Effective the beginning of the pay period that includes January 1, 2016, transition from allotment based sick leave to accrual based sick leave and

increase the maximum sick leave accrual to 2080. Employees with unused extended or reserve sick leave will have those hours transferred to the sick leave accrual bank. The reserve and sick leave banks will then be eliminated. Upon promotion to a classification represented by PMA, employees who have reserve or extended sick leave will have those hours transferred to the accrued sick leave bank (up to the 2080 max) and then those banks will be eliminated.

3. Holidays: With the May 13, 2015 paycheck, the City will combine previously banked and floating holiday hours and employees will receive a cash-out of hours in excess of eighteen (18). The City will no longer use banked holidays.
4. Management Time Off: With the pay period following City Council approval, FLSA exempt employees will receive forty (40) hours of Management Time Off (MTO). For calendar years beginning in 2016, FLSA exempt employees shall receive forty (40) hours of Management Time Off with the pay period that includes January 1st of each calendar year. The department head may (within his/her discretion not subject to being grieved or challenged) grant additional MTO hours up to a maximum of eighteen (18) hours in a calendar year. MTO hours cannot exceed fifty-eight (58) hours. Upon reaching the maximum of fifty-eight hours, no additional MTO may be granted. MTO hours may be used in hourly increments. At the time of separation, earned but unused MTO hours will be paid with the final paycheck at the employee's hourly based rate of pay.

New employees and/or those promoted to a PMA exempt classification will receive an initial pro-rated amount of MTO based on date of hire as follows:

- Individuals hired/promoted January 1- March 30th receive 40 hours
- Individuals hired/promoted April 1 – June 30th receive 30 hours
- Individuals hired/promoted July 1 – September 30th receive 20 hours
- Individuals hired/promoted October 1 – December 31st receive 10 hours

Non-exempt unit members in PMA hired before April 1, 2006 and who are in the PMA bargaining unit on the date of City Council approval of this agreement shall receive a one-time allotment of nine (9) hours of Management Time Off for 2015. Following this one-time allotment, non-exempt unit members (regardless of date of hire) are no longer eligible to receive MTO.

5. Maternity Leave: Maternity leave benefits will be modified effective January 1, 2016. Following that date, employees are eligible for benefits pursuant to Pregnancy Disability Leave, California Family Rights Act (CFRA), and/or the Federal Family Medical Leave Act (FMLA), when applicable, for purposes of parenthood leave (e.g., pregnancy, childbirth, adoption, or foster care placement). Pregnancy Disability Leave (which runs concurrently with FMLA) provides for up to four months of leave for pregnancy disability (with health insurance paid for during such leave). CFRA provides the right to take up to an

additional twelve (12) weeks of leave (for up to one year after the birth, adoption or placement of a child in foster care) to care for a newborn child, an adopted child or a child placed in the home for foster care. The department head may grant additional unpaid leaves of absence, with no additional benefits, for an additional period of up to four (4) months for parenthood leaves (including employees of both genders) when such leave will not have a detrimental effect in maintaining operational needs.

6. **Jury Duty:** The City will not reduce the pay for a unit member who is required to be absent from work for jury duty. In those cases in which the employee is released by the court with four or more hours remaining on his/her shift, the employee will report for duty as soon as possible and work the balance of the shift. By returning to work, the employee will receive a full day's pay, and shall pay to the City any amount received from the court for the jury duty, excluding mileage. Exempt employees who can work from a location other than their primary work location may request authorization from his/her department head to work the remainder of the day in an alternate location. In those cases in which the employee is not released by the court with four or more hours remaining on his/her shift, the employee need not return to work. The employee shall receive the full day's pay, and shall pay to the City any amount received from the court for jury duty, excluding mileage.
7. **Compensatory Time:** Employees with accrued compensatory time off will receive cash-out of all hours in his/her leave bank at the base rate of pay with the May 13, 2015 paycheck. For future promotions to exempt PMA represented classifications, those employees will be required to cash out any accrued and unused compensatory time off at rate of pay of the classification immediately prior to appointment to the PMA classification. Exempt employees in PMA are not eligible to earn compensatory time off.
8. **Partial Day Absences:** FLSA exempt employees who are absent from work for three hours or more of their regularly assigned work schedule are required to utilize appropriate leave time to cover the absence. If accrued leave is unavailable, the time will be recorded as leave without pay. Non-exempt employees must account for all regularly scheduled hours with work or leave.
9. No significant changes were made to workers' compensation, bereavement, witness leave, military leave, family leave, or accrued leave – part-time members.

The City and PMA will continue working together to reach agreement on a successor MOU. The provisions of this side letter will be incorporated into the comprehensive MOU that is the focus of our continuing labor negotiations.

COUNCIL POLICY CONSIDERATION:

The approval of staff's recommendation for approval of the side letter agreement with PMA supports the City Council's strategic goal of maintaining fiscal responsibility and stability.

FISCAL IMPACT:

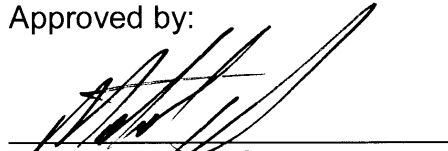
There are one-time costs for the leave cash out provisions of the side letter which will be paid from the Benefit Fund. As with other bargaining units who have had similar one-time leave cash outs, it is not expected that the full accrued leave amounts will be provided as cash. If all accrued leave over the reduced maximums were paid as cash, the maximum total cost is \$3,118,071. Cashing out the earned but unused leave at its present day value will reduce the City's accrued liability in the Benefit Fund by an equivalent amount.

Respectfully submitted:



KRISTI RECCHIA
Director of Human Resources

Approved by:



MICHAEL J. BECK
City Manager

Attachment:

1. City of Pasadena and Pasadena Management Association Side Letter of Agreement