

Agenda Report

DATE: October 19, 2015

TO: Honorable Mayor and City Council

FROM: Human Resources Department

RE: APPROVAL OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF PASADENA AND THE PASADENA MANAGEMENT ASSOCIATION FOR THE TERM OF OCTOBER 19, 2015 – JUNE 30, 2018 AND ADOPTION OF RESOLUTIONS AUTHORIZING TAX DEFERRAL OF MEMBER CONTRIBUTIONS AND TO REPORT THE VALUE OF EMPLOYER PAID MEMBER CONTRIBUTIONS

RECOMMENDATION:

It is recommended that the City Council:

1. Approve a Memorandum of Understanding (MOU) between the City of Pasadena (City) and the Pasadena Management Association (PMA) for the term of October 19, 2015 through June 30, 2018;
2. Adopt a resolution 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 the Pasadena Management Association; and
3. Adopt a resolution to report the value of employer paid member contributions (EPMC) for the employees represented by the Pasadena Management Association.

BACKGROUND:

The MOU with PMA expired on March 17, 2014 and the City and PMA representatives have been negotiating since that time. PMA has engaged with the City to complete a thorough review of the MOU and to partner with us in preparing the agreement for City Council approval.

The following is a summary overview of the key modifications:

1. Compensation: Effective October 19, 2015 unit members employed on this date will receive a 1% lump sum off-salary schedule payment. Effective November 16, 2015, the salary control rate for unit classifications will be increased by 3% as a cost-of-living increase. Unit members will have their salary increased by 3% up to the maximum control rate.

Prior to July first of fiscal year 2017 and 2018, the parties will meet and confer on a salary re-opener.

The salary control rates of PMA classifications are listed in Exhibit I of the MOU.

2. Anti-Compaction Pay: When the maximum salary for a classification covered under this MOU is less than ten percent (10%) above the maximum salary of a subordinate classification, the Assistant City Manager (City Attorney and City Clerk, when applicable) may grant anti-compaction pay in an amount that will establish a ten percent (10%) differential. The decision to grant anti-compaction pay is discretionary and not subject to the filing of a grievance.
3. Classification Study: Following the approval of the MOU by City Council, the parties agree to meet and confer to complete the classification study and consider a step based salary range with the intent of completing and implementing the results no later than July 1, 2016.
4. FLSA Exempt Employee overtime: The City Manager, or his/her designee, may at his/her discretion and upon recommendation of a department director, approve (in advance) overtime at straight time base pay or time and one-half base pay for exempt employees. Overtime will only be considered due to significant staff shortages, the need for staffing due to extraordinary circumstances, or to provide service to the public that requires mandatory staffing.
5. Vacation Cash Out: Employees who use at least forty hours of accrued leave (e.g., vacation, floating holiday or management time off) in the prior calendar year are allowed to cash out up to eighty hours of vacation once per calendar year at the base hourly rate of pay.
6. Leaves of Absence provisions of the side letter between the City and PMA that was approved in April 2015 have been incorporated into the MOU.
7. Life Insurance: The City will provide life insurance and accidental death and dismemberment coverage for unit members. The policy is \$75,000 for each employee.

8. Health Insurance/EOBF: Revises the section to comply with the City-wide standard that employees enrolled in a medical plan receive a monthly allowance based on enrollment (Employee only, employee+1, employee+2) which includes the statutory CalPERS minimum contribution.

Increases to each tier (employee only, employee+1, employee+2) will only occur when the lower of the premium for the CalPERS LA Region for Blue Shield Access+ or Kaiser exceeds the current allowance. The allowance in each tier will equal the lower of the LA Region Blue Shield Access+ or Kaiser premium but shall not be lowered below the 2015 allowance which includes the PEMHCA minimum.

New employees hired by the City on or after January 1, 2016, will receive an EOBF allowance (including the statutory minimum) that equals the lower of the premium of Blue Shield Access+ or Kaiser (LA Region) for the tier in which they enroll (employee only, employee+1, employee+2).

Employees in the unit as of December 31, 2015, who elect to opt out of medical coverage because they provide proof of medical coverage from another source, will be capped at \$1,304.13 per month. Effective January 1, 2016, new employees hired by the City, who opt out of medical coverage because they have coverage through another means, receive a maximum of \$400 per month which will be designated to the employee's deferred compensation account. Employees may elect to have 65% of the EOBF Opt Out allowance paid as cash in lieu of depositing the total allowance to a deferred compensation account.

9. Licenses and Certifications: Upon mutual agreement, employees may be reimbursed for specified licenses/certificates. A sum of \$3,000.00 per fiscal year is hereby set aside and will be used to pay for any approved licenses/certificates renewed or obtained annually on a first come basis.
10. Professional/Personal Development Allowance: Employees are eligible for an annual lump sum payment of \$750 included with the second paycheck in March beginning in 2016. This allowance is designed for professional and/or personal development and may be used at the employees' discretion. This allowance is taxable and is not reported to CalPERS as special compensation.
11. Retirement: Effective the pay period that includes January 1, 2016, employees pay the 2% employee/member contribution on a pre-tax basis and 6% of the employer rate as cost-sharing in accordance with Government Code section 20516(f). Employees will pay an additional 2% of the employee/member contribution on a pre-tax basis beginning on the pay period that includes January 1 of each year through 2019. There will be a corresponding offset of 2% in the cost-sharing contribution of the employer rate during the same pay period. Effective the pay period that includes January 1, 2019, employees will pay the full

8% employee/member contribution on a pre-tax basis, and the cost-sharing contribution of the employer rate will be reduced to 0%.

12. Movement through the Salary Range: During the annual performance evaluation process, an individual demonstrating the ability to consistently meet expectations for the position which results in accomplishments achieved during the review period are eligible for salary increases up to the control rate. Salary adjustments should not exceed 3% of annual base pay at any one time, nor occur more frequently than once every twelve months. Salary adjustments up to a maximum of 5% per year may be granted with approval from the City Manager or Assistant City Manager (City Attorney and City Clerk, when applicable).
13. The MOU has been reformatted, reorganized and contains clean-up language as agreed upon by the parties.

COUNCIL POLICY CONSIDERATION:

The approval of the Memorandum of Understanding between the City of Pasadena and the Pasadena Management Association supports the City Council's strategic goal of maintaining fiscal responsibility and stability.

FISCAL IMPACT:

The fiscal impact of the MOU includes CalPERS retirement costs the City is required to pay with or without modifications to the MOU. The fiscal impact of the three year agreement is approximately \$2.4 million. The FY 16 impact is approximately \$1.9 million dollars. Approximately half of this bargaining unit is funded with general fund dollars and the other half is charged to other funds. It is expected that operating departments will absorb the FY 16 impacts within their existing budgets. If it is later determined that a department is unable to absorb these costs, we will revisit this matter in the third quarter of FY 16.

Respectfully Submitted,



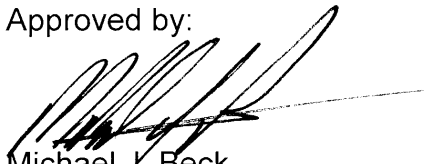
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Prepared by:



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Approved by:



Michael J. Beck
City Manager

Attachments:

1. MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF PASADENA AND THE PASADENA MANAGEMENT ASSOCIATION