

CITY OF YUBA CITY  
STAFF REPORT

**Date:** June 17, 2008  
**To:** Honorable Mayor and Members of the City Council  
**From:** Human Resources Department  
**Presentation By:** Steven R. Jepsen, City Manager

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**Summary**

**Subject:** Memorandum of Understanding with the First Level Managers (FLM) bargaining unit and approval of ratification and implementation of recently negotiated Letter of Understanding (LOU) for First Level Managers.

**Recommendation:** Approve a resolution to ratify the recently negotiated Letter of Understanding with the First Level Managers and authorize the Director of Finance to make appropriate budget adjustments and set the compensation for certain employees as determined in the Salary Schedule and General Compensation Plan effective June 21, 2008.

**Fiscal Impact:** The total cost of the contract over the three year period totals \$247,931.00. The increased cost to the City's general fund totals \$139,920.00 over the three (3) years of the contract. This is within budgeted amounts.

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**Background:**

The current Letter of Understanding (LOU) with First Level Managers bargaining unit has a start date of July 1, 2007 and an expiration date of June 30, 2008.

The recommended LOU is for three (3) years and will amend certain provisions of the existing LOU and will have an expiration date of June 30, 2011. The First Level Managers bargaining unit approved this Agreement.

The LOU which concludes the meet and confer process with the First Level Managers bargaining unit will be provided prior to the meeting. The recommended terms of the agreement are outlined below.

**Analysis:**

**Terms of the First Level Managers LOU bargaining unit:**

- 1) The agreement is a three (3) year agreement that will begin on July 1, 2008 and will expire on June 30, 2011.
- 2) At the beginning of each fiscal year of the contract July 1, 2008, July 1, 2009 and July 1, 2009 there will be a 3.0% flat salary increase.

- 3) The LOU additionally addresses the meet and confer on changes in the Personnel Rules and Regulations concerning, layoffs, sick leave use, and nepotism.
- 4) A side letter agreement addresses the re-opening of the LOU for economic reasons and a special study to examine the feasibility and cost associated with the conversion of unused sick leave to provide additional PERS service time upon retirement.

**Fiscal Impact:**

The costs of a 3.0% increase for the First Level Managers bargaining unit \$247,931.00 over three (3) years. The annual cost as shown as follows:

	Total Cost	General Fund
FY 08/09	\$80,210	\$45,106
FY 09/10	\$82,624	\$46,463
FY 10/11	\$85,097	\$47,851
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Total	\$247,931	\$139,420

These cost fall within the City's budgeted amounts for FY 2008/2009 and fall within projected expenditures for years two (2) and three (3) of the agreement


**Alternatives:**

- 1) Do not adopt the proposed agreement and staff will reopen negotiations with the respective representatives.

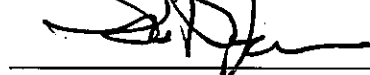
**Recommendation:**

Approve a resolution to ratify the recently negotiated Letter of Understanding with the First Level Managers bargaining unit and authorize the Director of Finance to make appropriate budget adjustments and set the compensation for certain employees as determined in the Salary Schedule and General Compensation Plan effective June 21, 2008.

Prepared By:

  
 \_\_\_\_\_  
 Susan Pearson  
 Human Resources Director

Submitted By:

  
 \_\_\_\_\_  
 Steven R. Jepsen  
 City Manager

Reviewed By:

Department Head \_\_\_\_\_  
 Finance \_\_\_\_\_  
 First Level Managers bargaining unit Representative \_\_\_\_\_  
 City Attorney \_\_\_\_\_  
 Other: (Name, Title) \_\_\_\_\_

**RESOLUTION NO. 08-**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY  
RATIFYING THE LABOR AGREEMENT FOR THE FIRST LEVEL  
MANAGERS, AND SETTING THE COMPENSATION OF CERTAIN  
EMPLOYEES**

BE IT RESOLVED, by the City Council of the City of Yuba City as follows:

SECTION I.

The Council hereby ratifies the Letter of Understanding with the First Level Managers for the period of July 1, 2008 through June 30, 2011.

SECTION II.

The Salaries of the employees of the City of Yuba City, who are employed now or will be employed in the future, are fixed and determined as hereinafter set forth in the Salary Schedule and General Compensation Plan, effective June 21, 2008.

SECTION III.

Those portions of previous Resolutions pertaining to the salary schedule of these employees are hereby repealed. The Director of Finance is hereby authorized to make the necessary budget adjustments to implement the provisions of this Resolution.

SECTION IV.

BE IT FURTHER RESOLVED, that the City Council authorizes staff to make to make future amendments to the salary schedule as provided for in the ratified labor agreements.

The forgoing Resolution of the City Council of the City of Yuba City was duly introduced, passed and adopted at a regular meeting thereof held on the 17th day of June 2008.

AYES:

NOES:

ABSENT:

ATTEST:

\_\_\_\_\_  
Rory Ramirez, Mayor

\_\_\_\_\_  
Terrel Locke, City Clerk

# LETTER OF UNDERSTANDING

Between

The City of Yuba City

And

The Yuba City First Level Managers

July 1, 2008 through June 30, 2011

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# **ARTICLE 1: SALARY**

## **1.1 Salary Increase**

All First Level Manager employees will receive a 3% salary adjustment effective with the pay period that includes July 1, 2008, July 1, 2009 and July 1, 2010. Salary increases shall be applied at the top step of the salary range with the salary steps below the top step set at five percent descending intervals from the top step.

## **1.2 Bi-Lingual Pay**

First Level Managers who have proof of passing the Sutter County bilingual test shall receive an additional \$40.00 per pay period. The second language must be one commonly spoken in the greater Yuba City area and thus of benefit to the City in providing services to the community residents.

# **ARTICLE 2: PUBLIC EMPLOYEES RETIREMENT SYSTEM**

## **2.1 Retirement Formula**

The "2.7% at 55" formula shall be provided for all miscellaneous category employees.

## **2.2 City Contribution**

The City shall continue to pay 8% percent of the employees' contributions to PERS.

## **2.3 Employer Paid Member Contribution**

The City shall continue to report 100 percent of the employer payment of member contributions (EPMC) to PERS as additional compensation for retirement purposes only. The EPMC shall not increase the base compensation rate for salary purposes. The employer/employee contribution shall continue to be tax exempt per 414H(2) to the extent that it is applicable.

# **ARTICLE 3: HEALTH, DENTAL, VISION AND LIFE INSURANCE**

## **3.1 Health Plans Contributions**

### **A. Future Increases**

During the fiscal year 2008-2009 the increase in the City's Health Care premiums will continue to be split 80%/20% between the City and the First Level Managers; with the City paying 80% and the employee paying 20%. The City's contribution shall be based on the lowest cost health plan available to the majority of City employees.

### **B. Employee Contributions**

Employee contributions are on a pre-tax basis.

### **C. Cash-in-Lieu**

Cash-in-Lieu payments when an employee reduces the level of health care coverage rather than entire coverage shall be as follows:

Employees, who reduce the level of health care coverage to which they are entitled, i.e. from full family coverage to employee plus one, or employee only coverage, or from employee plus one to employee only coverage, shall be

entitled to a Cash-in-Lieu benefit. The Cash-in-Lieu benefit is based upon the lowest cost health plan available to the majority of City Employees.

The employee making the election covered above, shall receive the difference between the Cash-in-Lieu benefit to which they would have been entitled had they waived coverage at their present coverage level and Cash-in-Lieu benefit for the lower coverage level elected.

The Cash-in-Lieu of medical insurance payments to employees electing to forego health insurance coverage will be based on the below percentage of the current lowest cost health plan available to the majority of City employees:

Employee only:	25%
Employee plus one dependent:	25%
Family coverage:	30%

### **3.2 Dental and Vision Plans**

City shall pay 90% of premium and employees shall pay 10% of premium. Premiums will be based on a periodic actuarial conducted by an outside consultant.

#### **A. Claims Administrator**

At the City's option, and after consultation with the First Level Managers, the City may change the Dental and Vision Plan claims administrator at any time.

### **3.3 Life insurance**

Life insurance benefit amount of \$25,000 shall be maintained for First Level Managers.

### **3.4 Employee Assistance Program**

An Employee Assistance Program shall be provided to City employees, spouses and dependents. Counseling for a total of six (6) visits per incident with no limit on the number of incidents per year shall be provided for each employee and his/her family.

### **3.5 Short Term Disability**

**A. Waiting Period:** A 30-calendar day waiting period must pass before benefits are payable.

**B. Premium:** The premium shall be set at .001 of earnings; no premium cap shall exist. The City agrees to discuss any changes to this premium with First Level Manager representatives prior to taking action.

**C. Benefit:** The benefit shall be equal to 60% of earnings at time of the disabling event; no dollar cap on the benefit shall exist.

### **3.6 Health Plan Benefits Committee**

The First Level Managers shall designate one (1) representative to the committee. The general purpose of the committee is to address benefit plan design and cost containment. The committee consists of members from each employee association and serves in an advisory capacity to management.

## **ARTICLE 4: DEFERRED COMPENSATION**

First Level Managers shall receive a monthly City contribution of \$50 paid into the City

of Yuba City deferred compensation plan.

## **ARTICLE 5: CERTIFICATIONS**

The City shall pay the costs associated with obtaining and maintaining special certificates or licenses that are required by the State of California, the City of Yuba City or any governmental agency to obtain and maintain as a condition of employment. (Note: if the certificate or license is required prior to employment, the City will only reimburse post-hire expenses.)

## **ARTICLE 6: DEPT. OF TRANSPORTATION COMMERCIAL DRIVERS TESTING**

It is mutually agreed that the Addendum to Alcohol and Drug Abuse Policy implementing the Omnibus Transportation Employee Testing Act of 1991 (Exhibit A) shall remain in effect.

## **ARTICLE 7: COMMERCIAL DRIVERS LICENSE EXAMINATION**

Physical examinations for First Level Managers who are required to maintain a Class A or B California driver's license as a job requirement shall have the expense paid by the City. Employees may elect to go to their own personal physician or to the medical center designated by the City. Employees electing to go to their own personal physician shall be reimbursed upon submission of an itemized receipt to the Human Resources Department. The maximum amount eligible for reimbursement is the amount the City has contracted for with the designated medical center.

## **ARTICLE 8: VACATION LEAVE**

### **8.1 Accrual Rate**

First Level Managers shall accrue vacation leave at the rate stated in the Yuba City Rules and Regulations for all miscellaneous category employees.

### **8.2 Returning Former Employees**

At the City Manager's discretion, First Level Management personnel who are returning, or who have returned, to City employment may be allowed to accrue vacation leave based upon the total years of service to the City or as otherwise agreed upon, under the following guidelines:

- a. They must have worked for the City at least five years previously;
- b. They must be hired into a First Level Management position upon return;
- c. The department head must make a written request to the City Manager and the City Manager must provide written instructions to Human Resources to take this action.

## **ARTICLE 9: CATASTROPHIC ILLNESS AND INJURY LEAVE DONATION PROGRAM**

The Catastrophic Illness and Injury Leave Donation Program shall remain in affect.

## **ARTICLE 10: ADMINISTRATIVE LEAVE**

### **10.1 Exempt Classification**

Those First Level Managers whose job classification is declared exempt from overtime under the FLSA guidelines, shall receive 80 hours administrative leave with the first payroll period of each calendar year in lieu of compensatory time and overtime. Employees may use the leave subject to the approval of their department head, except that leave cannot be used prior to separation of employment in order to delay the separation date. New hires shall receive a pro rated amount of administrative leave for their first year based upon the month of hire.

### **10.2 Maximum Cash Out**

At the end of each calendar year, employees may cash out a maximum of 40 hours to be paid in the first pay period of the succeeding calendar year, and/or (2) may carry over their unused balance up to 40 hours. Any additional employee requests are subject to the approval of the department head or designated representative.

### **10.3 Maximum Carry Over**

Employees shall be allowed to carry over unused administrative leave to the next calendar year, subject to a maximum carryover balance of 80 hours.

### **10.4 Additional Allotment**

At the discretion of the City Manager, an additional allotment of administrative leave not to exceed 40 hours per year may be approved. Requests for additional leave allocation must be based on an excessive number of hours worked beyond normal management expectations during the calendar year to date of the request. Requests for additional leave must be resubmitted by the department head to the City Manager each year, if needed.

### **10.5 Separation of Employment**

In the event of separation of employment, employees will be paid for unused administrative leave up to the maximum balance allowed Section 10.3 above.

## **ARTICLE 11: COMPENSATORY TIME**

### **11.1 Maximum Accumulation**

Compensatory time for non-exempt First Level Managers may be accumulated to a maximum of eighty (80) hours.

### **11.2 Maximum Cash Out**

Upon written request, First Level Managers shall be paid for up to 40 hours, per fiscal year, of recorded compensatory time. Payment will be at the earliest payroll period. The City, at its option, may pay out up to 40 accrued hours of compensatory time at the end of any fiscal year. Any additional employee requests are subject to the approval of the department head or designated representative.

## **ARTICLE 12: COUNSELING MEMORANDUM**

The attached policy on Counseling Memos (Exhibit C) shall remain in effect.

## **ARTICLE 13: MISCELLANEOUS PERSONNEL RULE CHANGES**

The City will continue to meet with all bargaining units to amend the following sections of the Personnel Rules and Regulations. At such time as the language changes are finalized, the City will amend the Personnel Rules and Regulations to reflect the agreed upon language.

1. Layoffs (Section 1.15)
2. Nepotism (Section 1.03)
3. Sick Leave- Excessive Usage (Section 2.09 L)

## **ARTICLE 14: INTEREST BASED PROBLEM SOLVING**

### **14.1 Philosophy**

The employees and the City utilized the Interest Based Problem Solving Process philosophy to negotiate this contract. This contract represents the results of open, honest sharing of information and concerns related to issues for the employees and the City. Based on the philosophy of using this process, the employees and the City agree and understand that this is a living contract and agree to meet and discuss any items within this agreement that become of concern to either party during the course of this agreement.

### **14.2 Modifications**

This Agreement constitutes the full Agreement between the City of Yuba City and the First Level Management Employees Association and may not be modified without the mutual consent of both parties.

## **ARTICLE 15: TERM OF AGREEMENT**

The term of this agreement shall be July 1, 2008 through June 30, 2011

Date: \_\_\_\_\_

Date: \_\_\_\_\_

City of Yuba City of Yuba City

First Level Managers

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**AMENDMENT TO THE  
LETTER OF UNDERSTANDING**

**Between**

**The City of Yuba City of Yuba City  
And**

**The Yuba City First Level Managers**

**July 1, 2008 through June 30, 2011**

The City of Yuba City and the Yuba City First Level Managers have agreed to the following:

The City of Yuba City and the Yuba City First Level Managers have met and conferred and agreed upon a Letter of Understanding for the period from July 1, 2008 through June 30, 2011.

Due to the current economic conditions, both parties have agreed to reopen discussions in order to address the impact on this contract with regard to compensation in the event that the City's overall financial situation, based on all General Fund revenues, either diminishes or improves by three (3 %) percent or more during the term of this contract.

During the term of this agreement, both parties have agreed to analyze the fiscal impact of amending the City's current contract with CalPERS to provide for a conversion of unused sick leave to years of service credit.

Date: \_\_\_\_\_ Date: \_\_\_\_\_

CITY OF YUBA CITY

YUBA CITY FIRST LEVEL MANAGERS

\_\_\_\_\_  
Steven R. Jepsen, City Manager

\_\_\_\_\_  
Ian Pietz

\_\_\_\_\_  
Steve Kroeger, Asst. City Manager

\_\_\_\_\_  
Matt Langley

\_\_\_\_\_  
Robin Bertagna, Director of Finance