CITY OF YUBA CITY STAFF REPORT

Date:	April 10, 2018				
То:	Honorable Mayor and Members of the City Council				
From:	Human Resources Department				
Presentation By:	Natalie Springer, Human Resources Director				
Summary					
Subject:	Mid-Managers' Letter of Understanding (LOU).				
Recommendation:	A. Adopt a Resolution approving a two year Letter of Understanding with the Mid Manager group.				
	B. Approve a supplemental appropriation of \$53,200 to the FY 2017/2018 adopted budget.				
Fiscal Impact:	An increase in cost of \$53,200 for FY 2017/2018 and \$56,900 for FY 2018/2019.				

Purpose:

To approve the Mid-Managers' two year Letter of Understanding.

Background:

The City's employment agreement with the Mid-Managers group expired on June 30, 2017. The City and the Mid-Managers group have been meeting since April 2017 to negotiate a new employment agreement. The previous agreement transitioned out the 10% furlough in FY 15/16 – a 5% percent furlough program began in Fiscal Year 2009/2010 and transitioned to a 10% furlough program in Fiscal Year 2011/2012 – in exchange for cost sharing for all classic CalPERS members. The previous agreement also added two floating holidays that must be used during the fiscal year. In 2015, a side letter with the Mid-Managers provided for a \$2,500 one-time distribution and a 2% salary increase. Please note the Confidential group benefits and terms of employment are aligned with the Mid-Manager's Letter of Understanding.

While the City continues to face growing employee pension obligations, the City must remain competitive in recruiting and retaining employees which requires competitive employee benefits and terms. The proposed employment contract is an attempt to find the balance between competitive employee benefits and terms and management of the ongoing changing landscape of employee pension obligations.

Analysis:

The Mid-Managers have agreed to a two-year Letter of Understanding that:

1. Includes a one-time distribution of \$1,500 or 2% base salary (whichever is greater) in year one;

- 2. Includes a 2% salary increase in year two;
- 3. Transitions in a new 9-step salary range from a 5-step salary range for new hires;
- 4. Includes a long-term disability program;
- 5. Increase death benefits from \$50,000 to \$100,000.

The complete Letter of Understanding is attached.

Fiscal Impact:

The proposed changes will result in a net increase in cost of \$53,200 for FY 17/18 and \$56,900 for FY 18/19.

Alternatives:

Do not approve Mid-Manager Letter of Understanding and provide staff direction.

Recommendation:

- A. Adopt a Resolution approving a two year Letter of Understanding with the Mid Manager group.
- B. Approve a supplemental appropriation of \$53,200 to the FY 2017/2018 adopted budget.

Attachments:

- 1. Mid-Manager LOU Resolution
- 2. Cost impact of Mid-Manager Agreement Terms
- 3. Mid-Manager LOU

Prepared By:

Submitted By:

<u>/s/ Sheleen Loza</u>

Sheleen Loza Human Resources Technician

/s/ Steven C. Kroeger

Steven C. Kroeger City Manager

Reviewed By:	
Human Resources	<u>NS</u>
Finance	<u>RB</u>
City Attorney	<u>TH by email</u>

ATTACHMENT 1

RESOLUTION NO.

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY APPROVING THE MID MANAGERS' LETTER OF UNDERSTANDING JULY 1, 2017 – JUNE 30, 2019

WHEREAS, the City recognizes the Mid Managers' (MM) commitment to the City and its citizens while providing outstanding and dedicated service to all;

WHEREAS, City staff and the MM have negotiated a two year Letter of Understanding;

WHEREAS, the City appreciates the efforts and energy the MM have put forth to negotiate this Letter of Understanding;

WHEREAS, the MM have agreed to implement a new salary schedule for new hires in exchange for a one-time distribution of money in year one of the contract, a 2% salary increase in year two of the contract, an increase in the death benefit, and other terms;

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

Approve the attached MM Letter of Understanding.

Authorize staff to make any necessary clarifying language changes to the language in the MM Letter of Understanding as long as the changes do not modify the LOU's substantive terms or past practice.

The Director of Finance is hereby authorized to make the necessary budget adjustments to implement the provisions of this resolution.

The foregoing 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 10th day of April 2018.

AYES:

NOES:

ABSENT:

Preet Didbal, Mayor

ATTEST:

Patricia Buckland, City Clerk

ATTACHMENT 2

City of Yuba City Impact of 2 Year Agreement

Mid Managers

FY 17/18 - Year 1			
One-time distribution of \$1,500 or 2% base salary (whichever is greater)	\$	33,550	
Long-term disability program		5,350	
One-time distribution of \$1,500 or 2% base salary (whichever is greater)			
Year 1 Total Cost	Ş	40,300	
		5,350	
Death Benefit increase from \$50,000 to \$100,000		1,400	
2% flat rate salary increase		36,800	
Year 2 Total Cumulative Cost	Ş	43,550	
Grand Total Cost Impact-2 Year Total	Ş	83,850	

City of Yuba City Impact of 2 Year Agreement

FY 17/18 - Year 1	
One-time distribution of \$1,500 or 2% base salary (whichever is greater)	\$ 9,600
Long-term disability program	2,500
Death Benefit increase from \$50,000 to \$100,000	800
Year 1 Total Cost	\$ 12,900
FY 18/19 - Year 2	
Long-term disability program	2,500
Life Insurance Increase (from \$50,000 to \$100,000)	800
2% flat rate salary increase	10,050
Year 2 Total Cumulative Cost	\$ 13,350
Grand Total Cost Impact-2 Year Total	\$ 26,250

ATTACHMENT 3

LETTER OF UNDERSTANDING

Between

The City of Yuba City

And

The Mid-Managers

July 1, 2017 through June 30, 2019

ARTICLE 1: SALARY

1.1 Future Salary Increases/Adjustments

Effective the first pay period in Fiscal Year 2018/19 the City agrees to a 2% salary increase.

1.2 Bilingual Pay

The City pays a \$100 per month bilingual pay incentive for employees who are proficient in speaking a foreign language. The method of certifying proficiency and the determination of which languages will be covered under this program shall be determined by the City in consultation with the Mid-Management employees.

1.3 New 9-Step Salary Schedule

Effective the first full pay period following City Council approval, a new 9-step salary schedule shall be implemented for new City employees hired in any MM positions. The 9-step salary schedule shall have both the first step and last step the same as the 5-step salary schedule.

ARTICLE 2: PUBLIC EMPLOYEES' RETIREMENT SYSTEM

2.1 Retirement Terminology

Retirement benefits shall be provided to eligible employees in accordance with the appropriate, then existing, contract between the City and the California Public Employees' Retirement System (CalPERS).

The use of terms "classic member" and "new member" shall be as defined by CalPERS and the Public Employee Pension Reform Act of 2013 (PEPRA).

A new CalPERS member is defined as:

- An individual who becomes a member of any public retirement system for the first time on or after January 1, 2013, and has no prior membership in any other public retirement system; or
- An individual who becomes a member of any public retirement system for the first time on or after January 1, 2013, and is not eligible for reciprocity with another public retirement system; or
- An individual who established prior membership in a retirement system and after a break in service of more than six months, returns to active membership in that system with a new employer.

2.2 Classic Member Retirement Formula

- A. Employees classified as classic member miscellaneous category:
 - The 2.7% at 55 (8% member contribution) CalPERS formula shall be provided for classic member miscellaneous category employees hired on or before June 30, 2012. Effective July 1, 2012, 2% at 55 formula (7% member contribution) was provided for new classic member miscellaneous employees hired on or after July 1, 2012.

- B. Employees classified as classic member safety category employees:
 - The 3% at 50 CalPERS formula shall be provided for classic member safety category employees hired on or before June 30, 2012. Effective July 1, 2012, 3% at 55 formula was provided for new classic safety member employees hired on or after July 1, 2012.
- C. All other current retirement benefits including the optional benefit programs in the existing contract between the City and CalPERS for miscellaneous and safety members shall remain in effect to the extent permitted by law.

2.3 "New Member" Retirement Formulas Provided by Statute

- A. Employees classified as new member miscellaneous category employees:
 - 2% at 62 retirement formula.
- B. Employees classified as new member safety category employees:
 - 2.7% at 57 retirement formula.

2.4 CalPERS Contributions By Employees

- A. Employees classified as classic miscellaneous:
 - Effective with the CalPERS contract amendment for 2014, all classic miscellaneous employees shall cost share 4% (or 3.5% for those classic members at the 2% at 55 retirement formula) towards the employer contribution rate. (Example: the intent is that if the City's required employer contribution is 23%, the City would pay 19% and the employees would pay 4%.)
 - Effective July 1, 2015 or as soon as CalPERS approves the contract amendment, whichever occurs later, all classic miscellaneous employees shall cost share 8% (or 7% for those classic members at the 2% at 55 retirement formula) towards the employer contribution rate.
- B. Employees classified as classic safety category employees:
 - Effective with the CalPERS contract amendment for 2014, all classic safety employees shall cost share 4.5% towards the employer contribution rate.
 - Effective July 1, 2015 or as soon as CalPERS approves the contract amendment, whichever occurs later, all classic safety employees shall cost share 9% towards the employer contribution rate.
- C. New CalPERS members shall contribute towards their retirement benefits in accordance with PEPRA.
- D. All applicable contributions identified in (A) thru (C) above shall be made through payroll deduction on a pre-tax basis.

2.5 City's Paying and Reporting the Value of the Member Contribution (Classic Only)

The City shall pay 100% of the employee's contribution to CalPERS and continue to report 100% of the employer payment of member contributions to CalPERS as additional compensation for retirement purposes only.

ARTICLE 3: HOLIDAY CLOSURE

The 2017-2018 Holiday Closure is incorporated as set forth in Exhibit A. Both parties agree to meet and confer prior to November 2018 for the 2018-2019 Holiday Closure schedule and terms.

ARTICLE 4: FLOATING HOLIDAYS

Effective with the LOU approval, two (2) floating holidays per fiscal year shall be provided which must be used during the fiscal year. These two floating holidays have no cash value and may not be carried over to a subsequent fiscal year. If any employee in this unit does not use either or both of these floating holidays during the fiscal year when the holidays are provided, the employee forfeits the unused floating holiday(s). Scheduling/approval of use of the floating holidays must be in accordance with the requirements of Rule 2.08 the Personnel Rules and Regulations.

ARTICLE 5: BENEFITS

5.1 Health Plans

A. Employee Contributions:

Employee contributions are on a pre-tax basis.

B. Health Care Premium Cost:

The split is 80%/20% between the City and the employee, with the City paying 80% of the total premium cost and the employee paying 20%. The contribution shall be based on the lowest cost health plan available to the majority of City employees.

C. Cash-in-Lieu Payment:

Cash-in-Lieu payments are 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 level elected.

 The Cash-in-Lieu of medical insurance bonus for employees electing to forego health insurance coverage will be based on the below percentages 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%

5.2 Dental and Vision Plans

The City shall pay 90% of the premium and employees shall pay 10% of the premium. Premiums will be based on periodic actuarial conducted by an outside consultant. Employees will participate in the City's Dental and Vision Plan in a manner provided in the adopted Dental and Vision Plan Agreements.

5.3 Life Insurance

Life insurance benefit amount of one hundred thousand dollars (\$100,000) shall be maintained for Mid-Managers.

5.4 EAP – Employee Assistance Program

The Yuba City Employee Assistance Program (EAP) is an employee benefit that assist employees with personal problems and/or work-related problems that may impact their job performance, health, mental and emotional well-being. The City offers free and confidential assessments, short-term counseling, referrals, and follow-up services for employees and their household members. For details about the EAP program, please see the Human Resources Department.

5.5 Health Benefits Committee

The Mid-Managers shall designate at least one (1) representative to the citywide health benefits committee. The general purpose of the committee is to address benefit plan design and cost containment. The committee will also contain members from other employee groups.

5.6 Flexible Spending Account

The City will offer employee-funded Flexible Spending Accounts for both dependent care and medical.

5.7 Long Term Disability

At the City's expense, the City will provide a long-term disability program for employees.

ARTICLE 6: ONE-TIME STIPEND

In the first full pay period following City Council ratification of this Agreement, all members active on payroll on the day of City Council ratification shall receive a one-time stipend of 2% base salary or \$1,500 whichever is greater.

ARTICLE 7: DEFERRED COMPENSATION

The Mid-Managers shall receive a monthly City contribution of \$100 paid into a City of Yuba City deferred compensation plan.

ARTICLE 8: VACATION ACCRUAL

The parties agree that, with the effective date of this agreement, the accrual rate for vacation will be as follows:

Years of Service	Bi-Weekly Rate
0-Completion of 4 years	4.0 hours
5-Completion of 10 years	5.5 hours
11-Completion of 15 years	6.5 hours
16 or more years	7.1 hours

ARTICLE 9: CERTIFICATIONS

The City shall pay the costs associated with obtaining and maintaining special certificates that are both required by the State of California, the City of Yuba City or any governmental agency to obtain and maintain as a condition of employment.

ARTICLE 10: ADMINISTRATIVE LEAVE

10.1 Allocation

Mid-Managers are exempt employees whose duties often require them to work outside of the City's typical business hours. In acknowledgement of such duties, bargaining unit employees shall be allocated 80 hours of administrative leave with the first payroll period of each calendar year. For any employee who becomes a member mid-year, the employee shall be credited with a pro-rata amount of administrative leave for the balance of the year. 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.

10.2 Maximum Cash Out

By December 1 of each year, an employee may annually make an irrevocable advance election to cash out a maximum of 40 hours of administrative leave that will be accrued in the next calendar year. The election shall be made on the form provided by the City for this purpose. The hours selected for cash-out will be paid in the first non-payroll week of January of the following year.

10.3 Maximum Carry Over

Employees shall be allowed to carry over a maximum of 40 hours of unused administrative leave to the next calendar year, subject to a maximum accrual cap of 160 administrative hours. Any unused administrative leave hours are paid out upon termination of employment.

10.4 Additional Allotment

At the discretion of the City Manager, an additional allotment of administrative leave not to exceed 40 hours may be approved each year. Requests for additional leave allocation must be

based on an excessive number of hours worked beyond normal management expectations. The allotment of leave is at the full discretion of the City.

ARTICLE 11: DUTY CHIEF ASSIGNMENT

Fire Department Mid-Manager in the position of Assistant Fire Chief shall be assigned as the Duty Chief. The schedule will be developed and approved by the Fire Chief. While assigned as the Duty Chief, the Mid-Manager shall be available for immediate emergency response within time frames established by the Fire Chief. Duty Chiefs shall be available to be immediately contacted by telephone, cellular telephone, radio and/or pager.

ARTICLE 12: UNIFORM ALLOWANCE

12.1 Fire Mid-Management

For all Mid-Management positions in the Fire Department, uniforms shall be issued and replaced by the City as is the current practice under the Memorandum of Understanding for the Firefighter's Association. It is further agreed that future changes in the amount of allowance will be accorded to the Mid-Managers. Should the allowance be eliminated, decreased, or modified in any way, which would be a reduction in the benefit, the City and Mid-Managers shall meet to discuss the impact of the changes.

12.2 Police Mid-Management

For the Administrative Manager position in the Police Department, , a uniform allowance of \$684.25 per year shall be paid. In the event of a uniform allowance increase for the Police Officers' Association Mid-Management positions shall be paid in accordance with the amount specified in the Memorandum of Understanding for the Police Officer's Association. Should the allowance be eliminated, decreased, or modified in any way, which would be a reduction in the benefit, the City and Mid-Managers shall meet to discuss the impact of the changes.

ARTICLE 13: MID-MANAGEMENT REIMBURSEMENT POLICY

13.1 Reimbursable Excess Hours

Mid-Management employees who are required to work hours in excess of normal management expectations shall be reimbursed should the City bill for, and receive, reimbursement for their work performed.

13.2 Payment

Reimbursement for the Mid-Management employee will occur in the next normal pay period after the overtime occurs.

13.3 Rate

Reimbursement to the Mid-Management employee will occur at the salary rate billed by the City for Mid-Managers for those hours over the regularly scheduled salary only, not to exceed time and one-half. Employees will not be required to use vacation time while in a special assignment approved by their Department Head.

13.4 Retention by the City

The City will retain reimbursement received by the City in excess of the salary for the Mid-Managers.

13.5 Strike Team

Fire Management employees participating in Strike Team or Mutual Aid activities covered by the California Fire Assistance Agreement (CFAA) will be compensated at time and one-half for hours worked outside of regular duty hours when the City is being reimbursed at the time and one-half rate.

ARTICLE 14: DMV LICENSE EXAMINATION

Physical examinations for Mid-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.

ARTICLE 15: SHORT TERM-DISABILITY

Employees are eligible for short term disability in a manner provided in the City's adopted Short Term Disability Plan. Any proposed changes to the Plan are subject to mutual consent.

ARTICLE 16: RETIREMENT HEALTH SAVINGS

The City agrees to allow the Mid-Managers to research retirement health products. The City agrees to meet and confer regarding possible retirement health savings products. Participation in the selected retirement health products shall be based upon approval of two-thirds (2/3rds) of the eligible employees after meeting and conferring with the City.

ARTICLE 17: TERM AND TEMS OF AGREEMENT:

The terms of this Letter of Understanding shall be effective July 1, 2017 and continue in full force and effect through June 30, 2019. In the event that the Federal Government or State Legislature passes a law, or there is a Federal or State Executive Order or court decision affecting Yuba City which would prevent the City from implementing any part of this agreement or altering this agreement, both the City and Mid Management Group agree to reopen the meet and confer process limited to the issue so affected.

It is mutually recommended by the undersigned that the modification contained herein be made applicable by the City Council on the date(s) indicated and/or by administrative rules, policies, regulations or procedures as are or may be subsequently required. Further, in conjunction with existing ordinances; resolutions, and City Manager procedures and policy regulations, rules and other regulations related to compensation, benefits, working conditions and other terms and conditions of employment, the changes herein constitute the entire compensation plan for the Mid-Management Employees herein covered by this Letter of Understanding.

This Agreement constitutes the full Agreement between the City of Yuba City and the Mid-Management Employees Unit and may not be modified without the mutual consent of both parties. **Signatures continue on next page** Date:

CITY OF YUBA CITY

Steven C. Kroeger, City Manager

Robin Bertagna, Finance Director

Date: 3/30/18

MID-MANAGERS Au 18h

Devin Barber, IT Manager

encer Moneson

Spencer Morrison, Accounting Manager

Natalie Springer, HR Director

SIDE LETTER TO THE

PUBLIC EMPLOYEES UNION, LOCAL 1, MID-MANAGERS, AND FIRST LEVEL MANAGERS

TO THE MEMORANDA OR LETTER OF UNDERSTANDINGS

FOR

CITY HALL HOLIDAY CLOSURE:

DECEMBER 25, 2017 through JANUARY 1, 2018 The purpose of this Side Letter Agreement is to provide for the closure of City Hall and other non-safety or critical City services for the holiday period from December 25, 2017 through January 1, 2018 (Holiday Closure).

Representatives of the Public Employees Union, Local 1 (Local 1), First Level Managers (FLM), Mid-Managers (MM), and the City of Yuba City agree to the follow terms regarding the City Hall Holiday Closure:

A. Holiday Closure

This Agreement provides for the closure of City Hall (and other select offices) for the predetermined time period listed below. Some of these days contained within the holiday period are holidays defined by the City in accordance with the Personnel Rules and Regulations, Section 2.10, B.

- i. Holiday Schedule
 - The Christmas Floating Holiday that falls on Sunday, December 24, 2017, shall move to Tuesday, December 26, 2017 (Floating holiday rules: Section 2.10, B, 11) as to not interfere with the Christmas Day Holiday.
 - The New Year's Eve Floating Holiday that falls on Sunday, December 31, 2017, shall move to Tuesday, January 2, 2018 (Floating holiday rules: Section 2.10, B, 11) as to not interfere with the New Year's Day Holiday.
 - Employees (who take the floating holiday on Christmas) will utilize three (3) days of non-sick leave bank time (Dec. 27th, 28th, and 29th).

Weekend		Work Week				Weekend				
Sat. Dec. 23	Sun. Dec. 24	Mon. Dec. 25	Tues. Dec. 26	Wed. Dec. 27	Thurs. Dec. 28	Fri. Dec. 29	Sat. Dec. 30	Sun. Dec. 31	Mon. Jan. 1	Tues. Jan. 2
		Holiday	Float Holiday						Holiday	City Hall Open
1		Closure	Closure	Closure	Closure	Closure			Closure	

ii. Other

- City Hall and other select offices (non-critical/non-safety service offices) are the only City buildings affected by the Holiday Closure. If other City departments or buildings would like to participate in the Holiday Closure, the department head is the point of contact.
- City Hall employees and other select office employees will not report to work during the designated Holiday Closure.
- The City may require or permit, at the discretion of the department head, certain employees to work a regular, partial or on-call schedule on one or more of the Holiday Closure days.

- iii. Payroll
 - Employees are required to account via payroll for the appropriate time associated with the Holiday Closure.
 - The payroll accounting of the Holiday Closure will include use of floating holiday time, vacation or compensation time. Payroll accounting for the Holiday Closure not specifically listed herein must be approved by the City Manager or designee.
 - Employees required or permitted to work on a non-observed holiday (For example: December 27, 2017) of the Holiday Closure will be paid their regular salary for the hours worked, and will be required to account for all remaining Holiday Closure hours via floating holiday time, vacation, or compensation time. All other time worked during the days designated as observed holidays will be paid in accordance with Section 2.10, E of the Rules and Regulations.
 - Employees without adequate leave accruals may borrow against future vacation accruals or go into an unpaid status only with the approval of the City Manager or designee.

iv. Miscellaneous

- The Holiday Closure shall not impact seniority, probationary periods or health or retirement benefits unless the employee is in an unpaid status.
- All subsections of Section 2.10, Holidays, of the Personnel Rules and Regulations remain in effect during the Holiday Closure. Note: In accordance with the Rules and Regulations, holidays are paid on an eight (8.0) hour basis and an eligible employee shall be entitled to holiday with pay only if the employee is in a paid status on the date immediately preceding or succeeding the holiday.
- Bargaining groups agree that policy decisions made by the City Council and discretionary decisions made by management related to this section and implementation of the Holiday Closure will not be subject to the City's Personnel Rules and Regulations, Section 3.09, Grievance Policy.
- If the City Manager declares an emergency the Holiday Closure is suspended and all employees are subject to emergency procedures.

SIGNATURES CONTINUED ON NEXT PAGE

CITY OF YUBA CITY

Steven C. Kroeger

City Manager

inger Natalie Springer

Human Resources Director

BARGAINING UNITS

David Calonder n

President, PEU Local #1

Ronald J. Slaven Executive Director, PEU Local #1

Jessica Peters First Level Managers

Brian Baker Mid-Managers