

**REPORT TO MAYOR AND COUNCIL**

TO THE HONORABLE MAYOR AND COUNCIL:

DATE: September 23, 2014

SUBJECT: AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF CONCORD AND THE OFFICE AND PROFESSIONAL EMPLOYEES INTERNATIONAL (OPEIU) LOCAL 29 FOR THE PERIOD JULY 1, 2014 THROUGH APRIL 30, 2015

Report in Brief

For many years, the City Council and its employees have worked together to address the City's fiscal challenges and the organization's structural budget deficit. The Local 29 unit employees have reduced their pay and benefits over the years in multiple ways including unpaid furlough days, cessation of salary increases; and employees picking up costs associated with retirement and medical benefits, to name a few. Although some of these concessions have been eliminated, the City Council and its employees are still working together to further remedy the City's fiscal challenges.

On March 25, 2014, the OPEIU Local Union No. 29 ("Local 29") approached the City to request modifications to its Memorandum of Understanding ("MOU") that expired June 30, 2014. Representatives from the City and Local 29 met to discuss the requested modifications, and reached a tentative agreement to extend the current MOU to April 30, 2015. Consequently, the Council is being asked to approve these deal terms, as described in the tentative agreement and this staff report.

Approval of this proposed action restores the organization's work schedule by re-opening City facilities that were previously closed on business days between December 26 and December 31, thereby allowing the community to once again conduct its business with City staff during normal work hours on these days. Prior to this change, the City was closed for business during this period each year, and employees were required to take time off without pay or use their leave balances in order to be compensated for this time off.

The proposed action also reduces the amount of the cash-in-lieu health waiver that employees receive for opting out of the City health care benefits, provides a one-time payment to employees participating in the cash-in-lieu of medical insurance benefit as of January 1, 2015, effectuates a change in the bereavement leave benefit, and provides a cost of living adjustment of 2.6% (which approximates the rate of inflation) for all Local 29 unit employees in the first full pay period following the proposed adoption of these resolutions.

Additionally, the City and Local 29 have agreed to meet and discuss retiree healthcare benefits in an attempt to address the City's goal of reducing Other Post-Employment Benefits ("OPEB") liabilities. City

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staff has been advised by Local 29 that on September 16, 2014, their membership ratified the attached tentative agreement (Attachment 1).

If approved by the City Council this evening, staff will prepare and execute an Amendment to the Memorandum of Understanding incorporating the agreed upon changes.

Discussion

City employees have reduced their compensation over the past several years to help address major structural shortfalls in the City's budget primarily caused by the Great Recession and increases in the cost of employee benefits. Concord employees provide excellent public services and are deeply committed to the City. They have unquestionably made significant sacrifices to help the City address the budget shortfalls it has faced over the years. The City has been working to restore City services and some of the concessions given up by its employees. This proposal eliminates the unpaid closure days between December 26 and December 31, and provides a cost of living adjustment for Local 29 employees of 2.6%. It also reduces by 20 percent the amount of the health waiver paid to employees who opt out of the City's health insurance plans, which has been a goal of the Council.

The agreement presented here represents another compromise between Local 29 and the City Council to further address benefits costs, reinstates services to the community during the end-of-year holiday period, and recognizes increases in the cost of living to our employees. In addition, this agreement includes a mutual commitment from the City and Local 29 to reduce the long-term impact that the costs associated with retiree medical have on the City's financial future by agreeing to work toward changes to retiree medical benefits for incorporation into a successor MOU.

In summary, the agreement provides the following changes to the Local 29 Memorandum of Understanding:

- Effective the first full pay period following adoption of Resolution 14-4735.9, all employees will receive a 2.6% cost of living adjustment.
- Beginning in fiscal year 2014-2015, the City will be open for business between December 26 and December 31. Employees will work during their regularly scheduled days during this time unless they have been approved to take vacation per the City's vacation usage policy. Prior to this agreement, the City was closed for business during this time period, and employees were not paid unless they used their leave balances in order to be compensated during the closure.
- Effective January 1, 2015, the monthly health waiver benefit will be reduced from \$637/month to \$500/month for employees participating in the cash-in-lieu of health benefits program on January 1, 2015, and to \$200/month for all other employees. Employees participating in the cash-in-lieu of health benefits program on January 1, 2015 shall also receive a one-time lump sum payment in the amount of \$750 payable the first full pay period in January 2015.

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- The parties agree to meet in good faith during the term of the MOU in an effort to reach a mutual agreement over changes to retiree medical benefits for incorporation into a successor MOU.
- The parties agree to extend the current MOU by 10 months until April 30, 2015.
- The parties agree to change the bereavement leave language to read as follows:

Bereavement Leave:

Local 29 employees will be entitled to a maximum of four (4) days of bereavement leave to attend a funeral in the State of California or a maximum of five (5) days of bereavement leave to attend a funeral outside the State of California per calendar year due to death of an employee's immediate family member or parent-in-law, grandparent, or grandchild of the employee or his/her spouse. Son-in-law and daughter-in-law shall be included in the definition of immediate family for purposes of Bereavement Leave.

- The parties agree to amend the MOU to incorporate PEPPA changes, including retirement formula, employee contribution, and limitations on pensionable compensation for "new members".
- Parties agree to remove outdated language from the MOU.
- All remaining provisions of the MOU not specifically addressed in the agreement remain intact.

Fiscal Impact

The cost of the compensation adjustments is \$45,986 for Fiscal Year 2014-2015. No budget adjustments are necessary for FY 2014-15 since sufficient funds are available in the adopted FY 2014-15 budget.

Public Contact

Posting of Council Agenda and notification to the OPEIU Local 29.

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Recommendation for Action

Staff recommends that the Council approve the following Resolution:

1. Adopt Resolution No. 14-4735.9 approving an Amendment to the Memorandum of Understanding between the City of Concord and the OPEIU Local Union No. 29 for the period July 1, 2014 through April 30, 2015.

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Attachment 1: Tentative Agreement with OPEIU Local 29

Attachment 2: Resolution No. 14-4735.9

**City of Concord
and
OPEIU, Local 29**

**Tentative Agreement of All Outstanding Issues
September 17, 2014**

1. TERM (Section 18)

10 months (July 1, 2014 - April 30, 2015).

2. WAGES (Section 5.6)

Effective the first full pay period following adoption by the City Council, base wages for all bargaining unit classifications will be increased by 2.6%.

3. HOLIDAY CLOSURE

Eliminate the Holiday Closure effective fiscal year 2014-15.

Beginning fiscal year 2014-2015, City will be open for business between December 26 and December 31 every year. Employees shall work during their regularly scheduled days during this time unless the employee has been approved to take vacation per the City's vacation usage policy.

4. HEALTH AND WELFARE (Section 15.1.2.2)

- Active Medical - Maintain status quo (50/50 split of changes in Kaiser premium) in Section 15.1.2.2.
- Effective January 1, 2015 Medical in Lieu (Section 15.1.4) shall be modified to reflect the following:
 - Employees participating in the in lieu program as of 1/1/15 shall receive a fixed amount of \$500/per month.
 - Employees participating in the in lieu program as of 1/1/15 shall receive a one-time lump sum payment in the amount of \$750 payable the first full pay period in January 2015.
 - Employees, regardless of hire date, who elect to participate in the medical in lieu program after 1/1/15 shall receive a fixed amount of \$200/month.

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5. BEREAVEMENT (Section 10.2)

The bereavement language shall be consistent with the bereavement language in the Teamsters' MOU as described below.

10.2 Bereavement Leave

An employee will be entitled to a maximum of ~~three~~ **four (4)** days of bereavement leave **to attend a funeral in the State of California or a maximum of five (5) days of bereavement leave to attend a funeral outside the State of California** per calendar year due to the death in the employee's immediate family, or the death of a parent-in-law, son-in-law, daughter-in-law, grandparents, or grandchildren of the employee or the employee's spouse.

6. RETIREMENT (Section 15.6)

The City and Local 29 agree to incorporate PEPRA changes, including retirement formula, employee contribution, and limitations on pensionable compensation for "new members."

NOTE: Changes not in legislative style are either existing MOU language or language from the March 5, 2013 terms and conditions of employment agreement.

15.6.1 Retirement Formula for New Members

Bargaining unit members hired before November 29, 2010 are entitled to retirement benefits under the California Public Employees Retirement System (CalPERS) 2.5% @ 55 retirement formula.

In 2010 the City amended its contract with CalPERS to provide the 2% @ 55 retirement formula for all employees hired on or after November 29, 2010 in all classifications within this bargaining unit.

For "new members," as defined by CalPERS all employees hired on or after January 1, 2013, are entitled to retirement benefits under the CalPERS 2.0% @ 62 retirement formula based on the three highest years of compensation.

15.6.3 Employer Paid Member Contribution

Effective July 2013, bargaining unit members shall pay the entire Member Contribution.

For employees in Tier 1 **with the retirement formula of 2.5% @ 55**, the Member Contribution is 8%

For employees in Tier 2 **with the retirement formula of 2.0% @ 55**, the Member Contribution is 7%

For "new members, as defined by CalPERS as those hired on or after January 1, 2013 with a retirement formula of 2.0% @ 62, the Member Contribution is one-half the Normal Cost as calculated by CalPERS.

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7. RETIREE MEDICAL (Section 15.1)

The City and the Local 29 agree to meet and discuss retiree healthcare benefits. The following language will be inserted in section 15.1 of the MOU:

Either the City or Local 29 may provide notice to the other of its request to meet and discuss. Upon such notice, the parties shall begin these meetings within ten (10) calendar days after the City or Local 29 receives notice from the other. The City and Local 29 shall continue to meet in good faith during the term of this MOU in an effort to reach a mutual agreement over changes to retiree medical benefits for incorporation into a successor MOU.

Such discussions do not constitute "meet and confer" or a waiver of the MOU, or an agreement to reopen the MOU. It is the intention of Local 29 to engage in meaningful discussions in an attempt to address the City's concerns and objectives over OPEB liabilities. Any changes to retiree medical benefits during the term of this MOU shall be by mutual agreement.

8. General MOU Cleanup

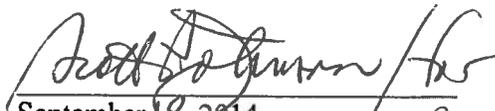
Remove outdated language, etc.

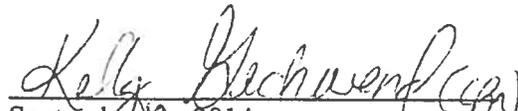
9. All Other MOU Terms

The MOU will incorporate all effective terms of the March 5, 2013 terms and conditions of employment for July 1, 2012 through June 30, 2014. All other terms and conditions of employment remain status quo.

For the City:

For the Union:


September 18, 2014 Valerie Barone


September 18, 2014

**BEFORE THE CITY COUNCIL OF THE CITY OF CONCORD
COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA**

**A Resolution Approving an Amendment to the
Memorandum of Understanding between the City of
Concord and the Office and Professional Employees
International Union (OPEIU) Local 29 for the Period
July 1, 2014 through April 30, 2015**

Resolution No. 14-4735.9

WHEREAS, the Memorandum of Understanding between the City of Concord and the Office and Professional Employees International Union (OPEIU) Local 29 (“Local 29”) expired on June 30, 2014; and

WHEREAS, City representatives and the duly appointed representatives of the Local 29 have met and conferred in accordance with Section 3500 et seq. of the California Government Code; and

WHEREAS, the membership of the Local 29 ratified the attached agreement on September 16, 2014; and

WHEREAS, the City Manager and City staff recommend the terms and conditions of the Memorandum of Understanding amendment be approved by City Council.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CONCORD DOES
RESOLVE AS FOLLOWS:**

Section 1. Approves the Amendment to the Memoranda of Understanding between the City of Concord and Local 29 to include the attached agreement.

Section 2. Directs staff to prepare a written Amendment to the Memorandum of Understanding between the City of Concord and Local 29 incorporating the agreed-upon-changes and such further technical and clarifying changes as may be approved by Local 29 representatives and the City Manager.

Section 3. Authorizes the City Manager to execute the amendment of the Memorandum of Understanding on behalf of the City.

Section 4. This resolution shall become effective immediately upon its passage and adoption.

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PASSED AND ADOPTED by the City Council of the City of Concord on September 23, 2014, by the following vote:

AYES: Councilmembers -

NOES: Councilmembers -

ABSTAIN: Councilmembers -

ABSENT: Councilmembers -

I HEREBY CERTIFY that the foregoing Resolution No. 14-4735.9 was duly and regularly adopted at a regular meeting of the City Council of the City of Concord on September 23, 2014.

Joelle Fockler, CMC
Deputy City Clerk

APPROVED AS TO FORM:

Mark S. Coon
City Attorney