



**DATE:** July 7, 2015

**CATEGORY:** New Business

**DEPT.:** City Manager/Human Resources

**TITLE:** **Adopt Resolutions Governing Compensation for the Mountain View Police Officers Association (POA), EAGLES, Service Employees International Union (SEIU) Local 521, and Unrepresented Hourly Employees**

### **RECOMMENDATION**

Adopt resolutions to amend existing Memoranda of Understanding and revise the City's Salary Plan to reflect compensation changes for the Mountain View Police Officers Association (POA), EAGLES, Service Employees International Union (SEIU) Local 521, and Unrepresented hourly employees.

1. Adopt a Resolution Authorizing the City Manager or His Designee to Amend the Memorandum of Understanding Between the Mountain View Police Officers Association and the City, for the Period of July 1, 2015 through June 30, 2017, and to Revise the City's Salary Plan to Reflect These Compensation Changes, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Adopt a Resolution Authorizing the City Manager or His Designee to Amend the Memorandum of Understanding Between the EAGLES and the City, for the Period of July 1, 2015 through June 30, 2017, and to Revise the City's Salary Plan to Reflect These Compensation Changes, to be read in title only, further reading waived (Attachment 2 to the Council report).
3. Adopt a Resolution Authorizing the City Manager or His Designee to Amend the Memorandum of Understanding Between the Service Employees International Union (SEIU) Local 521 and the City, for the Period of July 1, 2015 through June 30, 2017, and to Revise the City's Salary Plan to Reflect These Compensation Changes, to be read in title only, further reading waived (Attachment 3 to the Council report).
4. Adopt a Resolution Authorizing the City Manager or His Designee to Amend the Compensation Resolution for Unrepresented Hourly Employees for July 1, 2015 through June 30, 2017, and to Revise the City's Salary Plan to Reflect These

Compensation Changes, to be read in title only, further reading waived (Attachment 4 to the Council report).

## **BACKGROUND**

The POA represent approximately 108 full-time equivalent positions in sworn and nonsworn classifications in the Police Department.

The EAGLES represent approximately 188 full-time equivalent positions in management, professional, technical, and clerical classifications.

SEIU represents approximately 166 full-time equivalent positions in maintenance, clerical, and technical classifications.

The previous Memoranda of Understanding (MOU) for POA, EAGLES, and SEIU were for three years and expired on June 30, 2015. The new two-year agreements cover the period of July 1, 2015 to June 30, 2017.

City management representatives received direction from the City Council and met with representatives of POA, EAGLES, and SEIU from March through June 2015. In considering compensation adjustments for both represented and unrepresented employees, City management committed to an interest-based process. The City values the work done by employees to provide quality services and facilities to the residents and businesses of Mountain View. Recognizing that employee-related costs represent a significant portion of the City's operating costs, the City's interests were to provide compensation packages which enable the City to meet the following objectives:

- Provide competitive compensation in order to attract and retain employees with the education, skills, and experience which enables them to provide quality services on behalf of the City.
- Ensure that employee compensation is financially sustainable, so that the City can balance the operating budget on a structural basis, with ongoing revenues matching or exceeding ongoing expenditures, and can provide for long-term equipment and capital needs in order to maintain City service levels.
- Provide similar health benefits to all employees in order to enhance administrative efficiencies and economies of scale in benefits costs.

- Stabilize compensation costs over a multi-year period while retaining the ability to respond to changing economic conditions.

The proposed agreements with POA, EAGLES, and SEIU meet the City's interests in several ways. They increase base salaries in order to attract and retain employees in light of the high cost of living in the region, while also achieving important structural changes to employee health insurance contributions. Currently, in an approach common in the public sector, single employees choosing HMO health plans do not pay anything toward the monthly cost of their insurance premium. Beginning in 2017, all employees will pay part of the premium for health insurance. The agreements also provide for one-time contributions of paid leave. Finally, the agreements encourage employee development by providing more substantial financial assistance to employees pursuing college degrees. This assistance is expected to broaden the pool of employees prepared to advance into leadership positions.

## **ANALYSIS**

The proposed changes to the MOUs are detailed in the attached resolutions and summarized below.

### **Common Provisions for POA, EAGLES, and SEIU**

*Term:* Two-year compensation packages beginning July 1, 2015 and ending June 30, 2017.

*4.0 Percent COLA Fiscal Year 2015-16:* Effective June 21, 2015, the City shall amend the salary plan to increase the salary ranges of all POA, EAGLES, and SEIU employees by a 4.0 percent cost-of-living adjustment (COLA).

*2.0 Percent COLA Fiscal Year 2016-17:* Effective the first pay period ending in July 2016, the City shall amend the salary plan to increase the salary ranges of all POA, EAGLES, and SEIU employees by a 2.0 percent cost-of-living adjustment (COLA).

*California Public Employees' Retirement System (CalPERS) Employee Contributions:* Effective June 21, 2015, the total pension contribution by employees on the 2.0 @ 62 miscellaneous and 2.7 @ 57 sworn formulas established under the Public Employees' Pension Reform Act (PEPRA) shall be reduced by 1.0 percent compared to the total pension contribution by employees on the 2.7 @ 55 miscellaneous and 3.0 @ 50 sworn formulas.

Leave Hours: POA, EAGLES, and SEIU members who are City employees on July 1, 2015, will receive a one-time contribution of 21 hours of leave time (prorated for regular part time employees). This leave must be used by pay period 2 of 2016, or it will be cashed out with the pay period 2 payroll. In addition, effective the first payroll including July 1, 2016, POA, EAGLES, and SEIU members who are City employees on July 1, 2016 will receive another one-time contribution of 21 hours of leave time (prorated for regular part-time employees). This leave must be used by pay period 2 of 2017, or it will be cashed out with the pay period 2 payroll. The one-time leave hours will be tracked separately from all other accrued leave balances.

Tuition Reimbursement: In addition to the annual \$2,000 benefit, with no lifetime maximum, for completion of individual college courses or training courses which an employee may take without pursuing a college degree, effective June 21, 2015, employees are eligible to receive up to \$10,000 per fiscal year with a \$20,000 lifetime maximum if they enroll in and complete accredited college coursework required to obtain a job-related bachelor's or master's degree or approved leadership program. Completion of the degree or leadership program is required to obtain the full \$20,000 benefit. Administration Instruction 3 6 will govern the process for applying for tuition reimbursement benefits. Employees who completed accredited college coursework in Fiscal Year 2013-14 and Fiscal Year 2014-15, applied for and received reimbursement under the City's tuition reimbursement program and completed the degree in either Fiscal Year 2013-14 or Fiscal Year 2014-15 are eligible to receive up to a maximum of \$20,000 reimbursement for the costs of the degree program.

PPO Plan Design Change: Effective January 1, 2016, the City will change the PPO plan design to include the following elements: \$250 deductible, \$20 office visit co-pay, 10% coinsurance, \$100 emergency room co-pay, \$15/\$35/\$55 prescription co-pay.

Chiropractic and Acupuncture Benefit – HMO Plans: Effective January 1, 2016, chiropractic and acupuncture benefits will be added to HMO plans where not currently offered.

Health Net High Deductible Health Plan: Effective January 1, 2016, the Health Net High Deductible Health Plan will be discontinued; employees enrolled in this plan will need to enroll in another plan during the 2016 open enrollment process.

City Health Savings Account Contribution for New Enrollees in Kaiser High Deductible Health Plan (HDHP): Employee contributions toward premiums for the HDHP and City contributions toward associated Health Savings Accounts will continue for Fiscal Year 2015-16 and Fiscal Year 2016-17 in the same manner as currently established.

One-Time Optional Employee Conversion From Defined Benefit To Defined Contribution Retirees' Health Plan: Employees with 15 years of City of Mountain View service or less as of July 1, 2015, who are more than 5 years from the retirement age designated by their pension formula (55 for those on the 2.7 @ 55 pension formula; 62 for those on the 2.0 @ 62 formula), will be given an opportunity to make a one-time, irrevocable election to convert from the Retirees' Health Defined Benefit Plan to the Retirees' Health Defined Contribution Plan. Employees who do so will be given a one-time contribution to a Retirement Health Savings Account established for them.

Retirees' Health Program Document Updates: The Retirees' Health Program Document will be updated to conform to benefit levels established in 2007 agreements with represented employees. The Retirees' Health Program Document will be updated to clarify that employees who retire with the Defined Contribution Plan will not be able to enroll in City group health plans in retirement.

CalPERS Contract Amendment to Allow Cost Share to be Credited to Member Account: During Fiscal Year 2015-16, the City will conduct an election in accordance with CalPERS rules for all employees covered under the miscellaneous CalPERS contract for pension benefits to determine employee willingness to amend the CalPERS contract in order to allow some or the entire cost share to be credited to the member account rather than the employer account.

Holiday Closure: The City may close some offices to the public between December 24 and January 1 in each year of the term of the MOU. The City will notify employees by July 1 each year if a holiday closure will occur and which City functions and employees will be affected. It is anticipated that some functions will not be closed in order to provide essential service to the public. Additional leave will not be granted in the event of a holiday closure.

## POA

Employee Contribution for HMO Plans for Non-sworn Members: Effective January 1, 2017, all employees enrolled in HMO plans offered by the City will increase premium contributions according to the following formula:

- a. Single coverage—employee pays 2% of average HMO single premiums; the maximum contribution will be \$20.00 per month.
- b. Two-party coverage—employee pays 12% of the difference between single and two-party premiums (increased from 10%); the maximum increase in contribution attributable to the increase from 10% to 12% will be \$30.00 per month.
- c. Family coverage—employee pays 12% of the difference between single and family premiums (increased from 10%); the maximum increase in contribution attributable to the increase from 10% to 12% will be \$40.00 per month.

Flexible Spending Account (FSA) Contributions for Non-Sworn Members: Effective January 1, 2016, the City will contribute \$150 to each non-sworn member's medical FSA per calendar year. In recognition of the lack of 2014 and 2015 FSA contributions, in the pay period which includes January 1, 2017, the City will provide a one-time \$300 lump sum to each non-sworn member.

Option for Non-Sworn to Enroll in the Defined Contribution Retiree's Health Plan: Non-sworn employees hired on or after July 1, 2015 can make an election of either a Defined Contribution (DC) Plan or a Defined Benefit (DB) Plan for retirees' health benefits within 10 working days of date of hire. An employee hired on or after July 1, 2015 who does not make an initial election within 10 working days shall be enrolled in the DC Plan. After completion of 1 year of service, an employee will have another opportunity to make an irrevocable election of either the DC or DB plan. Employees must make an election within 10 working days of his/her anniversary date. If an election is not made within this period of time, the employee's initial election at date of hire will remain status quo.

Other Changes: A number of other clarifications were agreed to update provisions in the MOU, including: incorporation of the 2013 POA side letter regarding sworn migration to CalPERS Health Program (PEMHCA); work schedule/rest time changes; travel to Santa Clara Superior Court; reimbursement for damaged personal equipment; and the creation of a Labor-Management Committee to review the feasibility of a paid workout hour.

## EAGLES

Employee Contribution for HMO Plans: Effective January 1, 2017, all employees enrolled in HMO plans offered by the City will increase premium contributions according to the following formula:

- a. Single coverage – employee pays 2% of average single HMO premiums
- b. Two-party coverage – employee pays 12% of the difference between single and two-party premiums
- c. Family coverage – employee pays 12% of the difference between single and family premiums

Bilingual Pay: Increase bilingual pay from \$50 per month to \$100 per month

Vacation Cashout: Effective June 21, 2015, employees will be eligible to cash out 80 hours of vacation annually instead of 60, in accordance with procedures set forth in the EAGLES Memorandum of Understanding.

Callback: Certain non-exempt professional employees are eligible for 1 to 2 hours of compensation in the event they receive after-hours phone calls.

Equity Adjustment – Recreation Supervisor: Effective the first pay period ending in July 2015, the City shall increase by 10.38% the salary range for the Recreation Supervisor classification. Any employees in the Recreation Supervisor classification whose current salary falls below the new salary range shall receive a salary increase sufficient to place them at the starting point of the salary range effective the first pay period ending in July 2015.

Classification Change: The class of Youth Resources Manager position will be modified from Job Grade 33/Job Family 2, to Job Grade 34/Job Family 2. The City Manager will modify the job title at a later date.

Other Changes: A number of other clarifications were agreed to update provisions in the MOU, including: incorporating Retirement Health Savings Account side letter and the process for requesting vacation leave.

## SEIU

Employee Contribution for HMO Plans: Effective January 1, 2017, all employees enrolled in HMO plans offered by the City will increase premium contributions according to the following formula:

- a. Single coverage – employee pays 2% of average HMO premiums
- b. Two-party coverage – employee pays 12% of the difference between single and two-party premiums
- c. Family coverage – employee pays 12% of the difference between single and family premiums

Holiday In-Lieu: Effective June 21, 2015, holiday in-lieu pay for employees in the classifications of Public Safety Dispatcher I/II, Public Safety Dispatcher III, and Lead Public Safety Dispatcher will increase from 5.25% to 5.50%.

Callback: Callback work is defined as work required by the City of an employee who following completion of the employee's workday or workweek is unexpectedly ordered to report back to duty to perform necessary work. Employees who are called back shall receive a minimum of 3 hours compensation at time and one-half

Standby Pay: Standby is defined as a circumstance where the City requires an employee to be ready to respond immediately to a call for service. Effective with the first pay period ending after July 1, 2015, an employee assigned by the City to standby shall be compensated at the rate of \$70.00 per weekday (Monday Friday) for the 16 off duty hours, or \$100.00 per weekend day or holiday for the 24 hours of duty each day.

Certification Recognition Payment (CRP): Payment of \$35.00 for each eligible certificate per month (\$16.15 biweekly on a 26 pay period payroll schedule) will be made for a maximum of four certifications above the minimum job class specifications requirement. CRP payments to an employee shall not exceed \$140.00 per month.

Social Security Replacement Benefit (SSRB): Effective the first pay period ending in July 2015, SEIU employees have agreed to modify SSRB payments based upon the number of employees in each pension formula and the total cost to the City of the payments. The City and SEIU intend that these modifications will be cost-neutral to the City based on a cost of \$22,150 in Fiscal Year 2014-15.



Other Changes: A number of other clarifications were agreed to update provisions in the MOU, including: Agency shop, defining scheduled overtime, meals during extended work hours, dispatch rest periods, dispatch shift trades, uniforms, sick leave usage, clarification to the administration of the bilingual pay program, parks schedule, duty program, and accommodations for duty program personnel.

## **Hourly Employees**

4.0 Percent COLA Fiscal Year 2015-16: Effective June 21, 2015, the City shall amend the salary plan to increase the salary ranges of all hourly employees by a 4.0 percent cost-of-living adjustment (COLA).

2.0 Percent COLA Fiscal Year 2016-17: Effective the first pay period ending in July 2016, the City shall amend the salary plan to increase the salary ranges of all hourly employees by a 2.0 percent cost-of-living adjustment (COLA).

California Public Employees' Retirement System (CalPERS) Employee Contributions: Effective June 21, 2015, the total pension contribution by employees on the 2.0 @ 62 miscellaneous and 2.7 @ 57 sworn formulas established under the Public Employees' Pension Reform Act (PEPRA) shall be reduced by 1.0 percent compared to the total pension contribution by employees on the 2.7 @ 55 miscellaneous and 3.0 @ 50 sworn formulas.

## **FISCAL IMPACT**

The fiscal impact of proposed COLAs for POA, EAGLES, SEIU, and hourly employees is anticipated in the adopted Fiscal Year 2015-16 budget and five year General Operating Fund (GOF) forecast, and the fiscal impact of other compensation changes for represented employees can be accommodated within the adopted Fiscal Year 2015-16 budget and GOF forecast.

## **CONCLUSION**

The City Council approved new two-year resolutions for Unrepresented employees including Confidential employees, Fire Managers and Professionals, Police Managers, Department Heads, and Council Appointees on June 23, 2015. With adoption of the proposed resolutions for POA, EAGLES, SEIU, and Unrepresented Hourly employees, the City will have completed negotiations and established compensation for all City employees for the next two years (other than Council appointees).

The proposed resolutions provide for cost-of-living increases, which are appropriate in light of escalating cost of living in the region and are affordable given increased ongoing City revenues. It also continues the City's practice of sharing pension costs with employees to an extent which remains unusual among public agencies. The proposed resolutions make adjustments to City health plan designs to reduce long-term costs and require employees to pay part of the premium for their health insurance. Increased contributions toward tuition reimbursement are anticipated to prepare a larger pool of employees for assuming leadership positions.

The POA, EAGLES, and SEIU membership ratified the terms of these resolutions and management appreciates the collaborative, interest-based approach all parties took during labor negotiations.

**ALTERNATIVES**

1. Do not approve the resolutions and resume labor discussions.
2. Provide other direction.

**PUBLIC NOTICING** – Agenda posting.

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602-07-07-15CR-E

- Attachments:
1. POA Resolution
  2. EAGLES Resolution
  3. SEIU Resolution
  4. Unrepresented Hourly Employee Resolution