

CITY OF MOUNTAIN VIEW
RESOLUTION NO.
SERIES 2015

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

WHEREAS, the City's current Memorandum of Understanding with Mountain View Police Officers Association (POA) (July 1, 2012 to June 30, 2015) expired June 30, 2015; and

WHEREAS, a successor Memorandum of Understanding has been negotiated; and

WHEREAS, the provisions in the current Memorandum of Understanding that are changing or new provisions are summarized herein;

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Mountain View approves the following amendments to the Memorandum of Understanding:

1. *Term*

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

2. *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 classifications for sworn and non-sworn members in the bargaining unit by a 4.0 percent cost-of-living adjustment (COLA).

3. *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 for sworn and non-sworn members in the bargaining unit by a 2.0 percent cost-of-living adjustment (COLA).

4. *Leave Hours*

Effective June 21, 2015, sworn and non-sworn POA employees 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, sworn and non-sworn POA employees 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.

5. *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.

6. *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. Employee-paid employer contributions and employee-paid survivor benefit contributions are intended to be ongoing contributions; notwithstanding this intention, the employee normal contribution for employees on the Miscellaneous 2.0 @ 62 or Safety 2.7 @ 57

formulas may be modified under the requirements of PEPRA. The employee contributions will be as follows.

The total represented sworn member pension contributions for the period of July 2015–June 2017 are provided below.

POA	Employee Contribution			
	Employee Normal Contribution	Employee Share of Employer Contribution	Survivor Benefit	Total Paid by Employee
3.0 @ 50	9.0%	6.0%	0.148%	15.148%
2.7 @ 57	11.25%	2.75%	0.148%	14.148%

The total represented non-sworn member pension contributions for the period of July 2015–June 2017 are provided below.

NPOA	Employee Contribution		
	Employee Normal Contribution	Employee Share of Employer Contribution	Total Paid by Employee
2.7 @ 55	8.0%	3.70%	11.70%
2.0 @ 62	6.25%	4.45%	10.70%

7. *Non-Sworn Medical Changes*

- *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

- *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 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.

- *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.

8. *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.

9. *City Health Savings Account Contribution for New Enrollees in Kaiser High Deductible Health Plan (HDHP)*

The City shall pay the full employee-only premium for the HDHP offered by the City and selected by the employee. For dependent coverage in a HDHP, the employee shall pay 10% of the difference between the single coverage and the

selected dependent coverage premium (two-party or family) for regular full-time employees. Regular part-time employees are required to pay 100% of the difference between the employee-only premium and the two-party or family premiums, whichever is applicable.

For members who elect to participate in the HDHP, the following Health Savings Account (HSA) contribution schedule will apply for Fiscal Year 2015-16 through Fiscal Year 2016-17. When an employee enrolls in a HDHP for the first time Fiscal Year 2015-16 or later, the City will contribute 100% of the plan deductible, \$1,500 for employee only and \$3,000 for employee plus one or more dependents, into the employee's HSA as defined by the IRS. During each subsequent enrollment year, the City will contribute 50% (\$750 for employee only and \$1,500 for employee plus one or more dependents) of the plan deductible into the employee's HSA. If an employee leaves the HDHP and later returns, the City will contribute 50% of the plan deductible into the employee's HSA. Employees may contribute additional funds into their HSA up to the IRS annual maximums, for 2016: \$3,350 (self-only coverage); \$6,750 (one or more dependents). Since HSA contribution limits are determined on a calendar/tax-year basis, a mid-year enrollment in an HSA may be subject to a prorated HSA contribution limit. Contributions in excess of the IRS limit may be subject to tax penalties. The combination of employee, employer, and third party contributions may not exceed the annual IRS limits. The City may change the contribution to the HSA after Fiscal Year 2016-17.

10. *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 Retirees' Health Defined Contribution (DC) Plan or a Retirees' Health 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.

Defined Contribution Plan – Non Sworn

- ICMA-RC or comparable Retirees' Health Savings (RHS) Account model in accordance with the IRS. No minimum period of service is required for participation.

- Indexing Contributions: Contributions will be indexed at a 2% fixed rate annually. Indexed contributions for the term of this contract are as follows:

Employee Year	FY 2015-16	FY 2016-17
0-5 Years	\$234.32/Mo	\$239.01/Mo
6-10 Years	\$292.91/Mo	\$298.77/Mo
10+ Years	\$351.49/Mo	\$358.52/Mo

- Vesting of Employer Contributions: 100% after 5 years of service.
- Eligibility to Use Funds: Employees are eligible to use funds upon separation of service (or retirement). Funds will remain in trust in the employee's name.
- Disposition of Employer Portion of Forfeited Unvested Funds (these are funds that have been deposited in the RHS Plan or accrued to the probationary employee): 75% Employer; 25% Employee allocation equally to participating employees who currently are receiving employer contributions as of June 30. The City shall provide an annual accounting report to POA/NPOA showing the amount allocated (25%) to participating employees.
- The first-year employer contributions will be held in an account to be paid to the DC Plan. After the employee has made his/her election after the one-year anniversary to continue in the DC Plan, the first-year contributions shall be transferred to the RHS Plan the first pay period beginning after the election is made. Interest on the funds prior to transfer will be credited at a fixed rate of 4% per annum on the monthly balance.

11. *One-Time Optional Non-Sworn 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 DB Plan to the DC Plan. Employees already retired from the City are not eligible for this conversion.

Employees with more than 15 years of City of Mountain View service as of July 1, 2015, who are less 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) and who are interested in the conversion will be considered on a

case-by-case basis after the number of eligible and interested employees and the associated total cost are known.

Employees electing to convert from the DB Plan to the DC Plan will receive a one-time City contribution to a Retirement Health Savings (RHS) account established for them, and will receive ongoing City contributions in accordance with the schedule established. The City's one-time contribution is listed below and is based on the approximate value of money that would have been deposited into an employee's RHS had a DC plan been available at the time of employee's hire and had they chosen the DC election at that time, with 2% annual growth as follows:

Years of Service	Date of Hire	Approximate Value
2 or less	7/1/2013 - 6/30/15	\$ 6,000
Equal to 3 and Greater than 2	7/1/2012 - 6/30/13	\$ 8,000
Equal to 4 and Greater than 3	7/1/2011 - 6/30/12	\$ 11,000
Equal to 5 and Greater than 4	7/1/2010 - 6/30/11	\$ 14,000
Equal to 6 and Greater than 5	7/1/2009 - 6/30/10	\$ 18,000
Equal to 7 and Greater than 6	7/1/2008 - 6/30/09	\$ 22,000
Equal to 8 and Greater than 7	7/1/2007 - 6/30/08	\$ 25,000
Equal to 9 and Greater than 8	7/1/2006 - 6/30/07	\$ 29,000
Equal to 10 and Greater than 9	7/1/2005 - 6/30/06	\$ 33,000
Equal to 11 and Greater than 10	7/1/2004 - 6/30/05	\$ 37,000
Equal to 12 and Greater than 11	7/1/2003 - 6/30/04	\$ 42,000
Equal to 13 and Greater than 12	7/1/2002 - 6/30/03	\$ 46,000
Equal to 14 and Greater than 13	7/1/2001 - 6/30/02	\$ 51,000
Equal to 15 and Greater than 14	7/1/2000 - 6/30/01	\$ 56,000

The election will be offered one time in Fiscal Year 2015-16 and is not intended to be offered again. The City will provide advance notice of the election to all eligible employees, including information sessions to learn more about the conversion election. Once an employee executes the proper paperwork to convert from the DB to DC plan, this decision is irrevocable and cannot be reversed.

12. *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.

13. *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.

14. *Other Changes*

A number of other clarifications were agreed to update the MOU, including provisions related to: 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.

MSD/KMcC/Reso
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