



Approval of O&M Memorandum of Understanding and Salary Schedule

Board of Directors Meeting
January 19, 2023



Background

- The District has three bargaining units:
 - Local One AFSCME Council 57 for the Operations & Maintenance (O&M) Representation Bargaining Unit (35 positions)
 - Local One AFSCME Council 57 for the Professional & Technical (P&T) Representation Bargaining Unit (24 positions)
 - Management Association (MA) (10 positions)
- In March 2008, the District executed Memoranda of Understanding (MOUs) with each bargaining unit with an expiration date of June 30, 2015:
 - The expiration date for all three MOUs was extended by side letter agreements on two occasions to June 30, 2021
- District also has seven Unrepresented Manager positions with individual Employment Agreements
 - Receive the same salary and benefit adjustments as the MA MOU

Labor Negotiations Summary

- Initiated labor negotiations with each bargaining unit in March 2021
- District previously reached agreements on new MOUs with P&T, MA (approved by Board on October 12, 2022)
- District has now reached agreement on new MOU with O&M
 - Ratified by O&M members on January 17, 2023
- New O&M MOU is substantially rewritten to:
 - Establish new provisions for employment, compensation, and benefits
 - Ensure compliance with current legal, regulatory, and code requirements
 - Improve accuracy and clarity

Key MOU Terms and Conditions

- O&M MOU Term
 - Expires on June 30, 2024
- Wages
 - Cost-of-living adjustment (COLAs) is made in July 2023 based on a consumer price index with a range between 2.0% to 5.0%
 - District provided COLAs of 4.1% in July 2021, 5.0% in July 2022
 - Salary schedules will now consist of five steps with 5.0% between each step (from ten steps with 2.5% between each step)
 - Employees will automatically receive an annual step advancement (unless a negative performance review is received)

Key MOU Terms and Conditions (cont'd)



- Health and Wellness Benefits
 - Medical coverage for current employees is up to 100% of the most expensive Region 1 CalPERS Plan
 - Medical coverage for employees hired after February 5, 2023, is capped at 100% of the Region 1 CalPERS Kaiser Plan
 - District will provide employees with life insurance equal to their annual salary as of January 1st in each year of the contract
 - Medical in-lieu will no longer be available after January 1, 2023, except for those employees who are currently receiving medical in-lieu prior to that date

Key MOU Terms and Conditions (cont'd)



- Retirement Benefits
 - One group of employees is transitioned to GC Section 22893 retiree medical benefits as determined by hire date
 - Vested retiree medical benefits are established for current employees and some retired employees
 - Current employees are required to contribute 3.0% of their salary to the District's Other Post-Employment Benefits (OPEB) Trust Fund regardless of funding status
 - Future employees will receive the Public Employees' Medical and Health Care Act (PEMHCA) minimum and are not required to contribute 3.0% to the OPEB Trust Fund
 - District will provide Retiree Health Savings Accounts to all employees and contribute to those accounts at various rates depending on the employee's hire date (\$390, \$2,600, or \$5,200 per year)

Key MOU Terms and Conditions (cont'd)



- Grievance Procedure
 - Grievance will be addressed utilizing a three-step process with the final step being heard by an arbitrator whose decision is final (i.e., binding arbitration)
- Disciplinary Procedure
 - Disciplinary appeals will be presented to an Administrative Law Judge (ALJ), who will issue an advisory decision to General Manager
 - General Manager's decision to accept or reject the ALJ's advisory decision is final

Key MOU Terms and Conditions (cont'd)



- Standby/Overtime Pay
 - Regular standby provision is created to allow District to assign employees to standby for planned operational needs with certain specific assignment notification and duration requirements
 - Emergency standby provisions are provided for holidays and unplanned needs
 - District will provide 2.0 times the employee's regular hourly rate of pay for those hours worked in excess of 13 hours

Financial Impacts

- Annual operating costs are expected to increase by approximately \$125,000 above financial planning projections and assumptions
 - Key financial impacts will be incorporated into the budget development and financial planning activities for future fiscal years
- Long-term financial benefits are expected as insurance premiums and employment status demographics change over time

Recommended Actions

- Approve MOU with Local One AFSCME Council 57 for the Operations and Maintenance Representation Bargaining Unit, effective February 5, 2023
- Adopt Resolution approving revised salary schedule for the O&M Bargaining Unit, effective February 5, 2023
- Authorize the General Manager, or his designee, to make non-substantive, clerical changes and corrections to the O&M MOU, as necessary, and in coordination with the O&M Bargaining Unit