

## Legislation Text

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**PREPARED BY:** REINA SCHWARTZ

**DATE OF MEETING:** 02/19/19

**SUBJECT:**

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAN PABLO APPROVING A MEMORANDUM OF UNDERSTANDING WITH OPERATING ENGINEERS LOCAL UNION NO. 3, AFL-CIO AND ASSOCIATED SALARY SCHEDULE EFFECTIVE JULY 1, 2018

**CITY MANAGER RECOMMENDATION**

Adopt Resolution

**COMPLIANCE STATEMENTS**

*Future Labor Relations Partnerships* is an adopted policy item under the FY 2018-21 Council Priority Workplan, effective November 1, 2017.

**CEQA Compliance Statement**

This is not a project as defined by CEQA.

**BACKGROUND**

In March 2017, the maintenance, operations, office and technical employees of the City filed a request to decertify the union representing them at the time, Public Employees Union Local One (Local One) (approximately 33 members). The Local One Memorandum of Understanding (MOU) was set to expire on June 30, 2017. Ultimately, the employees were able to vote regarding the potential decertification in April 2018 and the decertification was finalized in May 2018.

Shortly after the employees completed their decertification vote, the City received a recognition petition from Operating Engineers Local Union No. 3 (OE3) for these same employees. Following the recognition process described in the City's Employer-Employee Relations Ordinance, OE3 was recognized as the exclusive representative for these employees in July 2018 and the City and OE3 began bargaining to develop a new MOU. During this period going back to July 2017, the employees had received no cost-of-living adjustments or any other adjustments to their terms and conditions of employment, even though all other employees in the City had benefitted from new agreements beginning July 1, 2017. This is because the City was prohibited from bargaining with the affected employees during the union decertification and certification procedures.

This report brings forward a new MOU between the City and OE3 which has been ratified by the employees in that unit. The MOU contains the following major provisions, which are generally consistent with those agreed to with the other bargaining units in the City:

- Term: July 1, 2017-June 30, 2021
- COLAs:
  - FY 2017/18 - 0%

- FY 2018/19 - 6% (which will be made retroactive to July 1, 2018)
  - FY 2019/20 - 3%
  - FY 2020/21 - 3%
- Health Care: Effective January 1, 2020, 90/10 cost share of premium costs, capped at the Kaiser rate for the applicable level of coverage (single, two-party or full family). This is consistent with the MOUs with all other employee groups.
- Equity adjustments of less than 1% for three classifications (Administrative Clerk I, Administrative Clerk II and Sr. Administrative Clerk) and an equity adjustment of 4.48% for the Engineering Technician classification to bring these classifications to within 5% of the market median based on a total compensation survey the City completed in March 2017, similar to what was done for other classifications at the time their MOUs were approved.

### **FISCAL IMPACT**

At the time the FY 2018-21 Quadrennial Budget was adopted, annual COLAs of 3% were included for the employees now represented by OE3, in anticipation of reaching agreement. So, costs related to the recommended agreement for the current fiscal year are already included in the budget. Unfortunately, since no agreement was reached during FY 2017/18, the funds that were budgeted during that time are no longer available as the fiscal year has ended and been closed. The proposed MOU does include a provision to bring employees up to where they would have been if the agreement had been reached during FY 2017/18. This leaves an unfunded cost of approximately \$86,000 this fiscal year (for salaries and associated benefit costs), which is in addition to the funds already included in the budget. The costs this fiscal year will be absorbed within the departmental budgets and the City Manager's Contingency.

This gap will not exist in future years as it was anticipated that the OE3 employees would receive COLAs similar to those in place for other units once they reached agreement on a new MOU.

### **Attachments**

1. Exhibit 1 - Memorandum of Understanding with Operating Engineers Local Union No. 3 (OE3), July 1, 2017 - June 30, 2021
2. Exhibit 2 - Salary Schedule for OE3 effective July 1, 2018