

STAFF REPORT

City of Lancaster

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06/26/12
MVB

Date: June 26, 2012

To: Mayor Parris and City Council Members

From: Beverly Glode, Human Resources & Risk Management Director
Mark V. Bozigian, City Manager

Subject: **Approval of the Successor Memorandum of Understanding between the City of Lancaster and Teamster Local 911**

Recommendation:

Adopt **Resolution No. 12-40**, a resolution of the City Council of the City of Lancaster, CA approving the Memorandum of Understanding between the City of Lancaster and Teamsters Local 911 and authorize the City Manager to execute the MOU.

Fiscal Impact:

The three year financial impact of the MOU is estimated to result in a cost savings of approximately \$600,000.00 on a calendar year basis. This is based on current assumptions regarding benefit costs.

Background:

The City of Lancaster and Teamsters Local 911 agreed to participate in interest based bargaining to arrive at a successor to the Memorandum of Understanding that expired on December 31, 2011. The parties conducted seventeen meet and confer sessions. As a result of these meetings the parties arrived at a tentative agreement for a new three-year Memorandum of Understanding that will expire on December 31, 2014.

In recognition of the continuing sluggish state of the economy, employees were asked to make concessions in both benefits and pay to reduce the City's cost in these areas. As part of the tentative agreement the City has agreed to contract with CalPERS for the 2.7% at age 55 benefit option to replace the current 2.0% at age 55 benefit option and .7% PARS supplement. In exchange, employees have agreed to pay a portion of the City's cost for providing that benefit starting in January 2013 with a salary deduction of 2.5% and increasing in January 2014 to 3.5% and in July 2014 to a full 4% deduction. (This change does not increase the retirement benefit for employees but it does require employees to pay a portion of their pension costs.) Employees hired on or after July 1, 2012 will be enrolled in the CalPERS 2% at age 60 benefit option, with employees paying the full employee share.

The agreement reduces the City's contribution to medical, dental and vision insurance from a percentage of the cost to a defined monthly dollar contribution. Effective January 2013 employees will receive \$1,000 towards employee only coverage; \$1,100 towards employee plus one coverage; and \$1,400 towards employee plus two or more coverage if they were hired on or before June 30, 2012. Employees hired on or after July 1, 2012 will receive a monthly benefit of \$1,000 towards the cost of City provided health insurances. The agreement includes a monthly payment of \$75.00 into the Retiree Health Savings plan for employees who elect employee only health insurance coverage; those who decline any City provided coverage will receive a monthly deposit of \$175.00 into the Retiree Health Savings plan.

The agreement also reduces the City's cost for standby by reducing the number of employees from five to three and the compensation from two hours to one hour per day during the standby period. (Standby employees are on-call and must respond to emergencies within thirty minutes.) It also defines and reduces the number of employees entitled to certification pay of \$25.00 per month.

The agreement reduces the number of vacation hours employees may cash in each year to 40 hours in excess of 80 hours per fiscal year. It provides cost-of-living adjustments of 2.5% in July 2012, 2013 and 2014. It increases Christmas Eve and New Years Eve from half day to full day holidays. And, it adds an hour of floating holiday time in January and July 2012 to increase the holidays from eight to nine hours each in recognition of the normal nine hour work day.

Other changes to the agreement reflect clarification of existing City policy or are language changes for operational efficiency.

The Union ratified the tentative agreement on June 5, 2012. We believe that the terms of the agreement are fair to both parties.

Attachments:

Resolution No. 12-40

Draft Memorandum of Understanding (MOU) (available for review in the City Clerk Department)