

STAFF REPORT

City of Lancaster

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MVB

Date: November 12, 2014

To: Mayor Parris and City Council Members

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

Subject: **Establish Compensation Schedules, Benefits, Terms and Conditions of Employment for Represented and Non-Represented Employees of the City; and approve Amendments to the Personnel Rules and Regulations**

Recommendations:

- a) Adopt **Resolution No. 14-63**, approving the Memorandum of Understanding between the City of Lancaster and Teamsters Local 911 and authorize the City Manager to execute the MOU.
- b) Adopt **Resolution No. 14-64**, amending Resolution 12-37 as amended, establishing a compensation schedule for the non-represented employees of the City of Lancaster.
- c) Adopt **Resolution No. 14-65**, amending the Personnel Rules and Regulations.

Fiscal Impact:

The fiscal impact of the proposed salary & benefit adjustments for all groups, through December 31, 2018 is approximately \$3,500,000, with the annual cost decreasing over the four years as the CalPERS cost sharing percentage increases. With the amendments to benefits, the City will realize long term savings from a reduction in future benefits costs, specifically retiree health benefits. In addition, the City realizes a financial benefit in the risk of medical insurance premium increases being borne by the employee. The total cost of the proposal is within financial forecast projections.

Background:

Several meetings were held to discuss compensation and working conditions with City employees. As a result of those meetings the City arrived at a tentative agreement for a new four year Memorandum of Understanding with the Teamsters Local 911; and a proposed compensation package for non-represented employees.

The agreements for these employees provide a cost-of-living adjustment of 2.5% in January, 2015; and in July 2016, 2017 and 2018. Employees will contribute 8% of their wages towards the City's portion of the cost for employee pension benefits. Employees are currently paying 4% of the cost; that will increase to 6% in July 2016 and to 8% in July 2017. The City's practice of providing a discount on the cost of retiree medical insurance for employees hired prior to January 2009 will be discontinued. Those employees will be allowed to retain the Retiree Health Care discount they have accrued as of December 31, 2015. Effective January 2016, the City will make a deposit into a Retiree Health Savings plan for eligible employees as it does for those who decline City provided coverage. The amount will be prorated based on the employee's years of service up to \$87.50 per month.

In 2012 the City changed its contribution to medical, dental and vision insurance from a percentage of the cost to a defined monthly dollar amount. These agreements continue that practice; and provide an adjustment for inflation and rising health costs, which was not included in 2012. Effective January 2015 employees will receive \$1,200 towards employee only coverage; \$1,375 towards employee plus one coverage; and \$1,800 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 \$1,200 towards the cost of City provided health insurances.

Non-represented employees in the General class would receive a 0.5% contribution to deferred compensation for a total of 2.5%. Non-Represented employees in the Professional/Supervisory class would receive a 0.5% contribution to deferred compensation for a total of 3.0%. Members of Teamsters Local 911 will receive a 1.0% contribution to deferred compensation for a total of 2%. The packages also raise the minimum amount of life insurance provided by the City to \$100,000.

The tentative agreement with Teamsters Local 911 increases the compensation from one hour to two hours per day during the standby period. (Standby employees are on-call and must respond to emergencies within sixty minutes). It also decreases boot allowance for employees who wear uniforms from \$300 to \$250 per year; and increases boot/pants allowance from \$300 to \$400 per year for all other bargaining unit members.

Amendments to the Personnel Rules & Regulations reflect changes to the benefits for City employees as referenced above; clarification of existing City policy; or are language changes for operational efficiency.

Teamsters Local 911 has ratified the tentative agreement. Staff recommends the City Council adopt the appropriate Resolutions; and authorize the City Manager to execute the Memorandum of Understanding.

Attachments:

Resolution No. 14-63

Resolution No. 14-64

Resolution No. 14-65

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

Personnel Rules and Regulations (available for review in the City Clerk Department)