

# STAFF REPORT

## City of Lancaster

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MVB

Date: December 9, 2014

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 the Lancaster Code Enforcement Association

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### **Recommendation:**

Adopt **Resolution No. 14-68**, approving the Memorandum of Understanding between the City of Lancaster and Lancaster Code Enforcement Association and authorize the City Manager to execute the MOU.

### **Fiscal Impact:**

The fiscal impact of the proposed salary & benefit adjustments through December 31, 2018 is approximately \$172,000 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:**

The City of Lancaster and the Lancaster Code Enforcement Association agreed to participate in interest based bargaining to arrive at a successor to the Memorandum of Understanding that expires on December 31, 2014. The parties conducted seven meet and confer sessions. As a result of these meetings the parties arrived at a tentative agreement for a new four-year Memorandum of Understanding that will expire on December 31, 2018. The salary and benefits for this nine member unit are the same as those approved for all other employees at the November 12, 2014 City Council meeting.

The agreement provides 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. This agreement continues that practice; and provides 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.

Employees 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 Lancaster Code Enforcement Association has ratified the tentative agreement. Staff recommends the City Council adopt the Resolution; and authorize the City Manager to execute the Memorandum of Understanding.

**Attachments:**

Resolution No. 14-68

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