



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL**      **DATE: JUNE 6, 2017**

**FROM: HUMAN RESOURCES DEPARTMENT**      **WARDS: ALL**

**SUBJECT: REVISIONS TO THE MEMORANDUM OF UNDERSTANDING WITH THE SERVICE EMPLOYEES' INTERNATIONAL UNION (SEIU) LOCAL 721, REFUSE UNIT AND RELATED REVISIONS TO THE FRINGE BENEFIT AND SALARY PLAN**

## **ISSUE:**

Approve the successor Memorandum of Understanding with the Service Employees' International Union (SEIU) Local 721, Refuse Unit.

## **RECOMMENDATION:**

That the City Council:

1. Approve the attached Memorandum of Understanding (MOU) effective July 1, 2016 through June 30, 2020, which incorporates the negotiated revisions; and authorize the City Manager, or his designee, to execute the Memorandum of Understanding on behalf of the City; and
2. Adopt the attached Resolution amending the Master Fringe Benefits and Salary Plan to reflect the revised MOU provisions as outlined in Exhibit A attached thereto.

## **BACKGROUND:**

The City entered into and has successfully concluded labor negotiations with the SEIU Local 721, Refuse Unit.

This report is published on May 25, 2017 for the June 6, 2017 City Council Meeting. The specific MOU changes are still under review by the SEIU Refuse Unit and their legal counsel. The fundamental terms of the MOU have been agreed upon by the parties and are reflected in the attached Tentative Agreement. However, edits in drafting can cause changes to MOU language. Any such changes to the MOUs will not impact the fundamental terms of the agreement and therefore, will be appropriately brought to the City Council at the June 6, 2017 City Council meeting.

The specific provisions align with the concepts agreed upon with other labor groups and follow the City's **Partnership Compensation Model** and the following core principles:

1. The City of Riverside and our employees are partners.
2. All employees should contribute a fair share to their pension, California Public Employees' Retirement System (PERS) costs.
3. Salary increases will be based on a Balanced Revenue Index (BRI) that ties employee raises to the performance of key General Fund revenues.

BRI is calculated by using the annual change in the four largest General Fund revenues: Sales Tax, Property Tax (general property tax only, excluding local measures), Hotel Tax and Utility Consumption Tax. The calculations are done at the end of a fiscal year to determine a salary raise for the following calendar year. Fifty percent of the BRI change from fiscal year (FY) 2015/16 to 2016/17 would be used to set the salary increase for January 2018; same will apply to future years. In this Model, the salary increases have a minimum amount and a maximum amount, which act as a bracket around any salary changes indicated by the Model's formula.

## **DISCUSSION:**

### **SUMMARY OF MOU TERMS:**

Provisions of the tentative agreements have been ratified by the union in May 2017 and are herein presented for the City Council's approval:

1. Labor Contract Period:  
July 1, 2016 through June 30, 2020 (four-year contract).
2. Salaries:

<b>Year</b>	<b>Effective Date</b>	<b>Salary Increases</b>
<b>1</b>	January 1, 2017	0%
<b>2</b>	January 1, 2018	All members of the bargaining unit will receive a minimum of 2% and a maximum of 4% based upon 50% of the rate of growth of the BRI for fiscal year 2016/2017.
<b>3</b>	January 1, 2019	All members of the bargaining unit will receive a minimum of 3% and a maximum of 6% based upon 50% of the rate of growth of the BRI for fiscal year 2017/2018.
<b>4</b>	January 1, 2020	All members of the bargaining unit will receive a minimum of 3% and a maximum of 5% based upon 50% of the rate of growth of the BRI for fiscal year 2018/2019.

### 3. Lump Sum Payments:

- Upon Ratification: Effective the first pay period following City Council approval of this contract, each bargaining unit employee shall receive a one-time lump sum payment of \$750. This is not added to the employee's base salary nor used for CalPERS retirement calculations.
- July 1, 2017: Effective the first pay period following July 1, 2017, each bargaining unit employee shall receive a one-time lump sum payment of \$750. This is not added to the employee's base salary nor used for CalPERS retirement calculations.

### 4. PERS Retirement Contribution:

The City has three tiers of retirement benefits as a result of changes to CalPERS. The negotiated terms include that all Tier 1 employees (those hired prior to June 7, 2011 and for whom the City currently pays the 2% employee share of retirement) will contribute a total of 8% by the end of the contract. Tier 2 employees already pay 8% and Tier 3 employees already pay 7%.

Year	Effective Date	Tier 1 Employee Pays	City Pays
1	Current	6%	2%
2	January 1, 2018	No Change (6%)	2%
3	January 1, 2019	7%	1%
4	January 1, 2020	8%	0%

### 5. Health Insurance:

Effective the first pay period following City Council approval of the MOU, the following increases will be made to the monthly employer contributions retroactively to the January 2017 premium:

Employee Only Coverage:	\$615 + \$30 (\$645)
Employee + One:	\$875 + \$40 (\$915)
Employee + Family:	\$1,100 + \$55 (\$1,155)

Effective the first paycheck in December 2018 for the January 2019 premium, any increase in health insurance premiums will be divided equally between the City and the employees. This provision shall not apply to individuals with employee only coverage until the premium exceeds the amount of the City's monthly contribution.

Effective the first paycheck in December 2019 for the January 2020 premium, any increase in health insurance premiums will be divided equally between the City and the employees. This provision shall not apply to individuals with employee only coverage until the premium exceeds the amount of the City's monthly contribution.

### 6. Retiree Health Insurance Fund:

Within 90 days of City Council adoption of this MOU, the City and the union agree to establish a committee comprised of three City representatives and three union representatives to discuss the Health Insurance Fund for Retirees and make recommendations regarding the continuation of the Fund.

7. Overtime Calculation:

The use of sick leave hours shall be counted towards “hours worked” in the calculation of overtime.

Employees may request compensatory time off for overtime worked in lieu of cash payment and subject to the approval of the department head; accrual limits are specified in the Fringe Benefit and Salary Plan.

8. Safety Footwear:

Increase stipend from \$150 to \$250 for employees required to wear safety footwear.

9. Classification and Compensation Study:

The City and the Union shall meet and confer in good faith regarding a classification and compensation study of all bargaining unit classifications within six months of the City Council’s approval of the MOU with the goal of completing the study within twelve months following the finalization of the scope. The City and the Union shall meet and confer in good faith to discuss the findings and develop a plan to implement any market increase adjustments throughout the life of the contract. Agreement of implementation of such market adjustments will be in exchange for the removal of the Incentive Program referenced in Article 5(A) of the MOU.

10. Holidays:

Effective 2019, employees shall observe Cesar Chavez holiday (last Monday in March).

11. Industrial Leave and Disability

The average disability payments for a single injury occurring on or after January 1, 2008, causing temporary disability, shall not extend for more than 104 compensable weeks within a period of five years from the date of injury. This applies to accepted claims only. Pursuant to Labor Code § 4656(c) there is an exception for certain injuries and illnesses occurring on or after April 19, 2014 that extends payments of up to 240 compensable weeks within a period of five years from the date of injury.

12. Union Dues:

Employees in the unit may terminate union dues during the thirty day period commencing ninety days before the expiration of the MOU by notifying the union. The Union agrees to indemnify, defend, and hold the City harmless from any liabilities of any nature which may arise out of application of this provision.

13. Other Items:

Additional miscellaneous changes have been made to non-economic terms throughout the contract, as reflected in the attached redline MOU.

**FISCAL IMPACT:**

The fiscal impact to the proposed MOU for SEIU Refuse Unit is approximately \$37,530 in FY 2016/17 and \$97,333 in FY 2017/18, which does not impact the General Fund as the Refuse Unit is operated out of the Refuse Enterprise Fund. The total cost impact for a five-year MOU is approximately \$1.1 million. A full analysis for the combined fiscal impact through FY 2020/21 is included in Attachment 3.

Prepared by: Stephanie Holloman, Human Resources Director  
Certified as to availability  
of funds: Scott Miller, PhD, Chief Financial Officer/City Treasurer  
Approved by: Marianna Marysheva, Assistant City Manager  
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Comprehensive Memorandum of Understanding for SEIU Local 721 Refuse Unit
2. Resolution Amending the Fringe Benefits and Salary Plan
  - a. Exhibit A – Amended Fringe Benefits and Salary Plan
3. SEIU Refuse Unit MOU Fiscal Impact