

# Labor Negotiations 2015

Community Meeting

May 13, 2015

# Overview of Negotiations

- The City has 9 employee associations
- The law in California requires that the City negotiate with each association in good faith to reach an agreement on wages, benefits and other terms and conditions of employment
- Once an agreement is reached, the parties approve their labor contract – called a Memorandum of Understanding (“MOU”) and it is posted on the City’s website

# Negotiations Timeline

<i>April 7, 2015</i>	<i>Council Meeting (Study Session)</i>
<i>April 30, 2015</i>	<i>Community Meeting 6pm – Municipal Gallery</i>
<b>May 13, 2015</b>	<b>Community Meeting 7pm – Municipal Gallery</b>
June 8, 2015	Council Meeting (Formal) 7pm – Council Chambers
June 16/30, 2015	Closed Session(s)
Early July	Begin negotiations

# Procedure for Adopting a Memorandum of Understanding

## **New Ordinance adopted by Council in December 2013**

- Independent lead negotiator
- Fiscal impact analysis by an independent firm
- Adoption of Memorandum of Understanding only after placed on two Council agendas at least two weeks apart (not on consent calendar)
- Memorandum of Understanding and fiscal analysis posted on City's website at least 72 hours before the first Council meeting

# Groups With Whom We Will Be Negotiating

- Municipal Employees' Association (MEA)
- Part-time MEA Unit
- Supervisors' Association
- Confidential Employees' Association
- Safety Support Employees' Association
- Management and Professional Employees' Association
- Firefighters' Association

# When Do The Current MOUs Expire?

- Part-Time MEA - June 30, 2015
- Five Miscellaneous Associations - September 30, 2015
  - Municipal Employees' Association
  - Supervisors' Association
  - Confidential Employees' Association
  - Safety Support Employees' Association
  - Management and Professional Employees' Association
- Firefighters' Association - October 5, 2015
- Police Officers' and Police Management Associations - October 6, 2016<sup>[1]</sup>

<sup>[1]</sup>MOUs will be negotiated next year.

# Major Changes From Last Round of Negotiations

## Retirement:

- All non-safety units agreed to pay full CalPERS member contribution of 8%, effective June 2014
- The Firefighters' Association agreed to pay 3% of their 9% CalPERS member contribution effective 7/1/15

## Compensation:

- Eliminated total compensation surveys to gain more control over compensation adjustments
- Five Non-Safety Groups: 8% offset for the PERS contribution, 2% effective 6/28/14 and 1% effective 10/1/14
- Part-Time: 1% on 1/1/13 and 1.25% on 1/1/14
- Fire: 1% on 7/1/13 and 2% each on 7/1/14 and 7/1/15

# Major Changes From Last Round of Negotiations

**Health (Medical, Dental and Vision) :** All non-safety units agreed to cap their City provided cafeteria plan contribution to a flat dollar amount with no built-in increases

Employee Group	Contribution Type	2015 Contribution
Management and Professional	Flat Dollar Amount	\$2,100/month max.
MEA, Safety Support, Confidential, and Supervisors	Flat Dollar Amount	\$2,000/month max.
Regular Part-Time Employees	Kaiser HMO Single Party Rate	\$521.18/month max.
Firefighters' Association	Fire contributes 20% of premium increases	\$1,821.23/month max.

## Modification of Management and Professional Pay For Performance Program:

- More discretionary with a maximum of 5% (previously up to 10%)



# Projected Cost of Each MOU<sup>[1]</sup>

As of 7/1/15

	# of Employees	Average Total Cost per Employee	Total MOU Cost
<b>Municipal Employees' Association (MEA)</b>	213	\$95,040	\$20,243,609
<b>Part-Time Association (MEA)</b> <i>Regular part-time only</i>	123	\$34,427	\$4,234,463
<b>Supervisors' Association</b>	31	\$131,802	\$4,085,860
<b>Confidential Association</b>	24	\$87,534	\$2,100,819
<b>Safety Support Association</b>	86	\$109,129	\$9,385,080
<b>Management and Professional Association</b>	88	\$148,350	\$13,054,804
<b>Firefighters' Association</b>	71	\$301,248	\$21,388,573
<i>Police Officers' Association</i>	<i>103</i>	<i>\$214,773</i>	<i>\$22,121,638</i>
<i>Police Management Association</i>	<i>10</i>	<i>\$320,516</i>	<i>\$3,205,164</i>

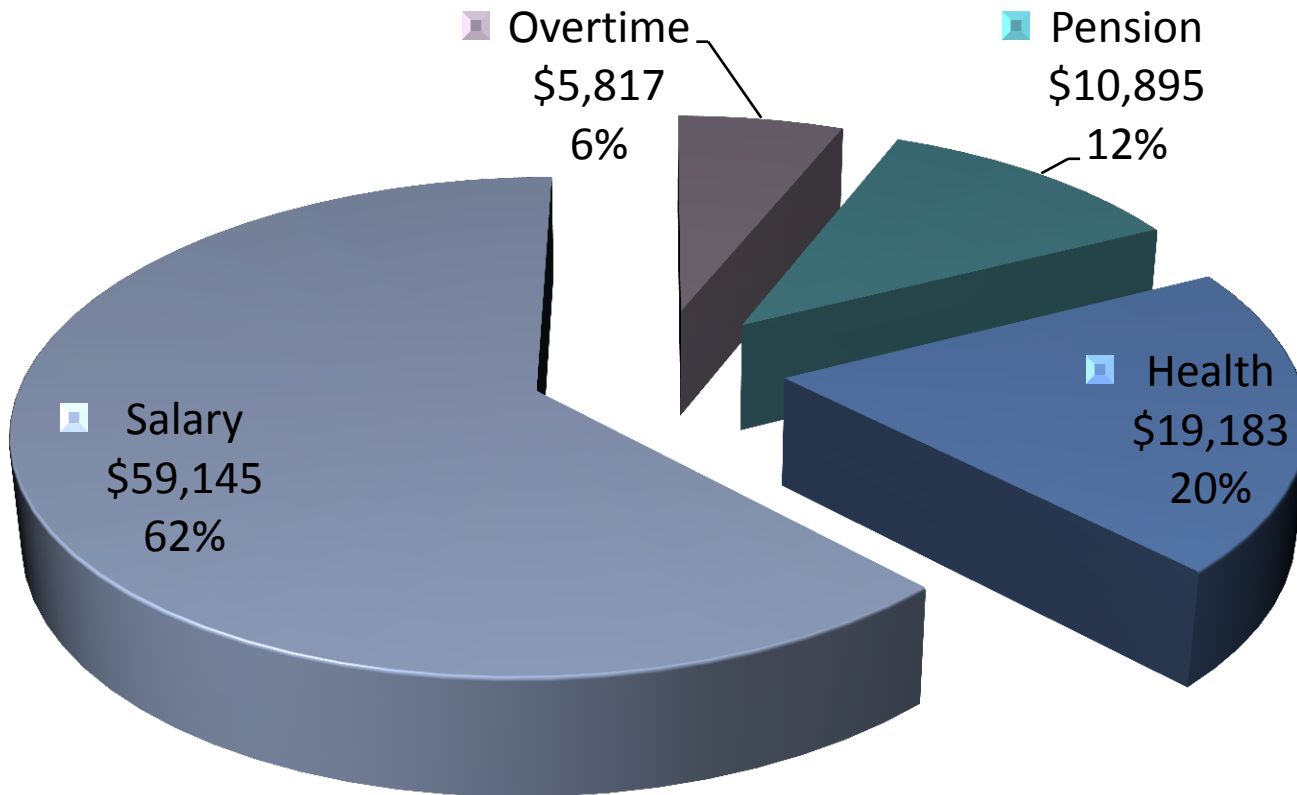
<sup>[1]</sup>Data reflects actual 2014 employee count and salary and benefit costs and only factors in scheduled 2015 changes to salary, pension rates and health costs

# Breakdown of Average Employee Cost

	Salary <sup>[1]</sup>	Health	Pension	Overtime	Total
<b>Municipal Employees' Association (MEA)</b>	\$59,145	\$19,183	\$10,895	\$5,817	\$95,040
<b>Part-Time Association (MEA)</b>	\$27,938	\$769	\$5,246	\$474	\$34,427
<b>Supervisors' Association</b>	\$88,029	\$19,716	\$16,175	\$7,882	\$131,802
<b>Confidential Association</b>	\$59,335	\$17,200	\$10,999	\$0	\$87,534
<b>Safety Support Association</b>	\$68,592	\$18,243	\$12,688	\$9,606	\$109,129
<b>Management and Professional Association</b>	\$108,187	\$20,936	\$19,227	\$0	\$148,350
<b>Firefighters' Association</b>	\$143,714	\$20,193	\$70,559	\$66,782	\$301,248
<i><b>Police Officers' Association</b></i>	<i>\$116,436</i>	<i>\$17,484</i>	<i>\$55,870</i>	<i>\$24,983</i>	<i>\$214,773</i>
<i><b>Police Management Association</b></i>	<i>\$200,485</i>	<i>\$19,901</i>	<i>\$97,001</i>	<i>\$3,129</i>	<i>\$320,516</i>

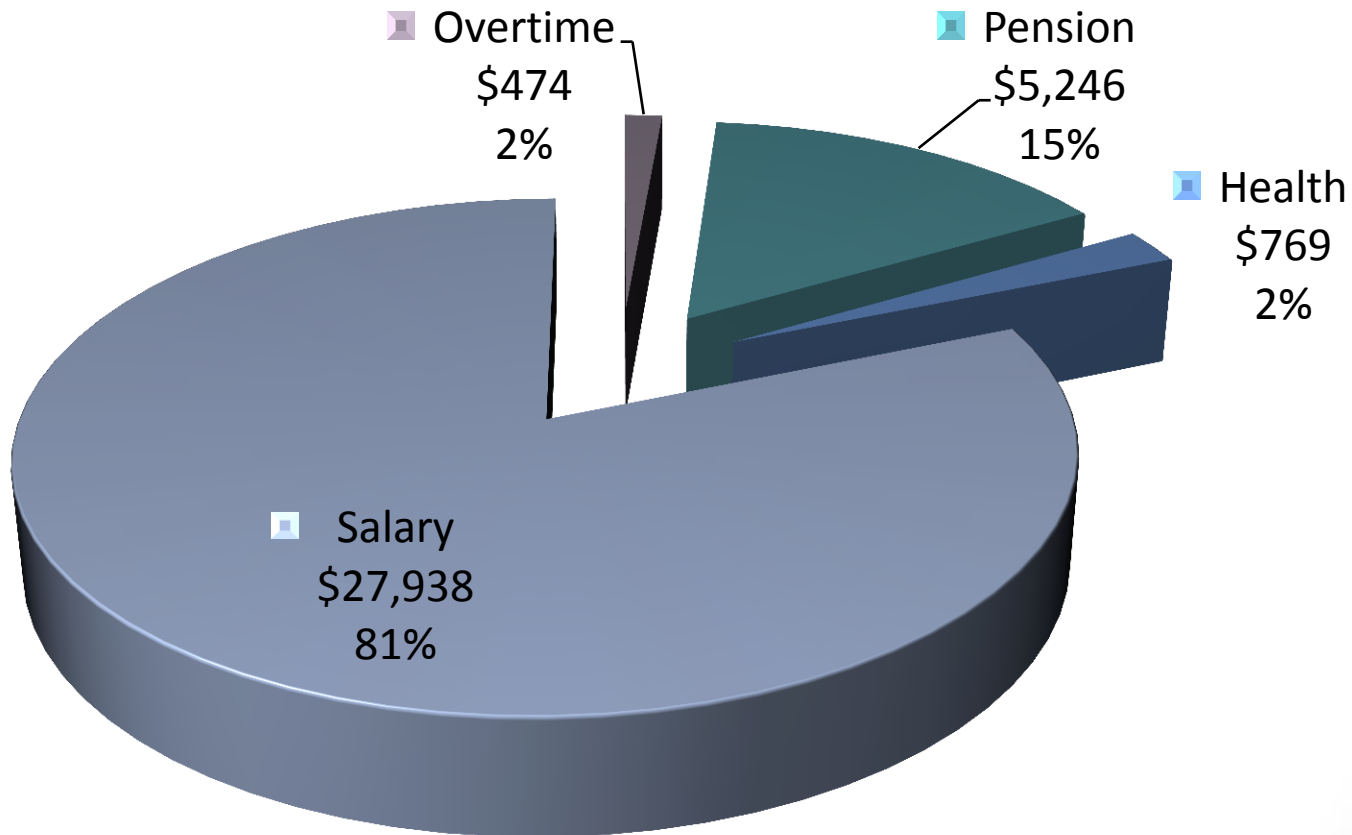
<sup>[1]</sup> Salary is comprised of base pay, deferred compensation, leave payoffs, car allowance, merit/bonus, pay for performance and limited classifications of overtime

# Breakdown of Average Employee Cost: Municipal Employees' Association (MEA)



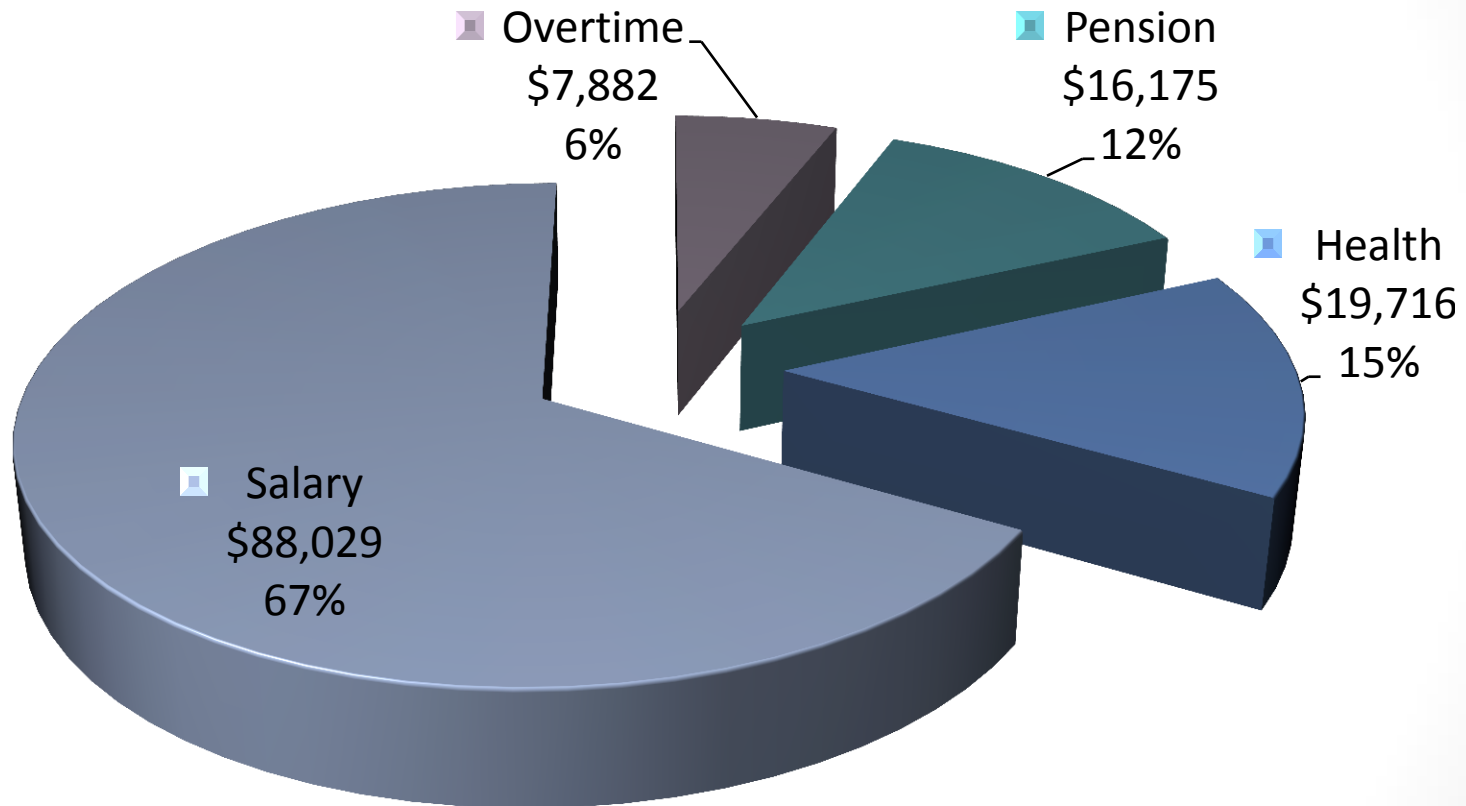
Average Total Cost: \$95,040

# Breakdown of Average Employee Cost: Part-Time Association (MEA)



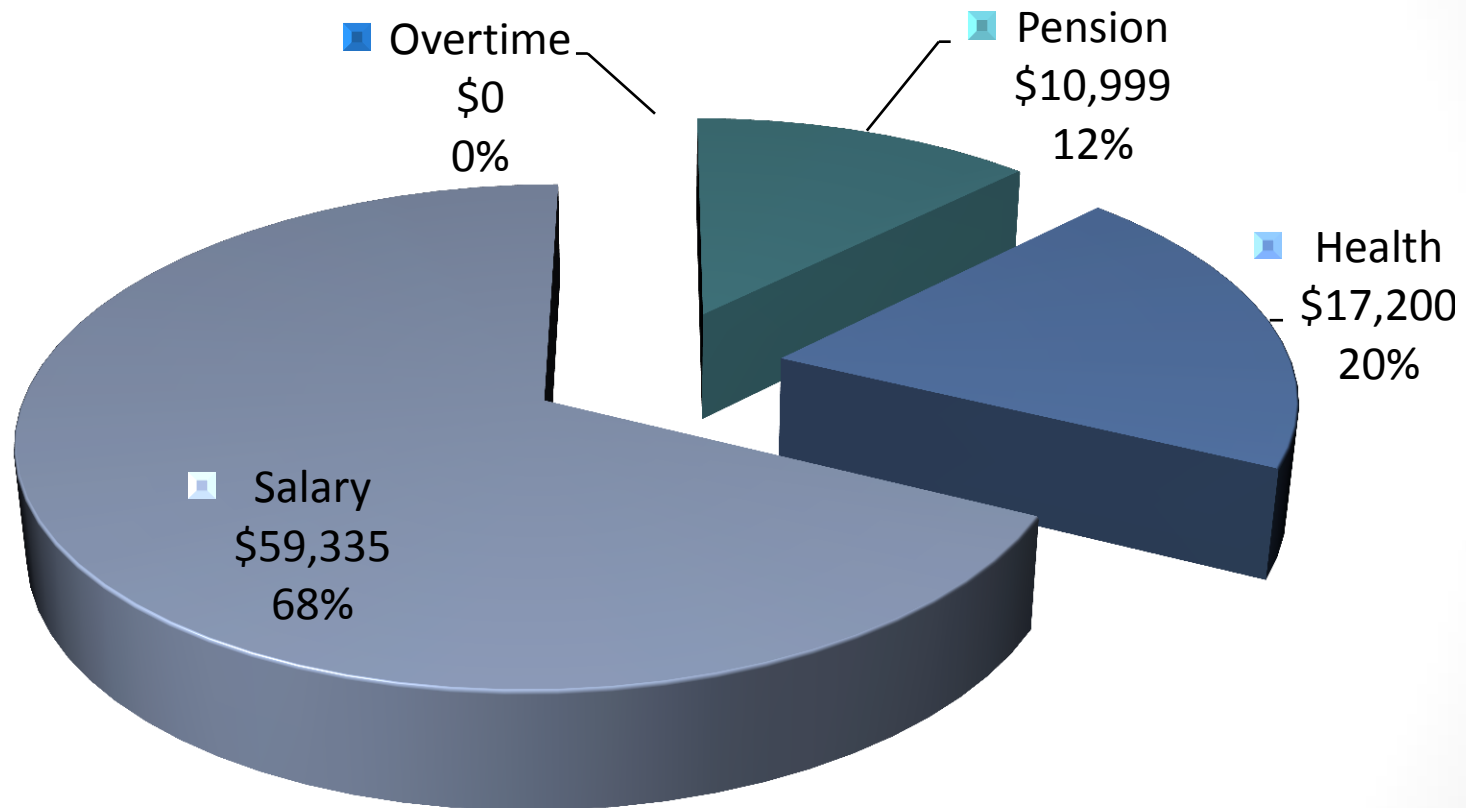
Average Total Cost: \$34,427

# Breakdown of Average Employee Cost: Supervisors' Association



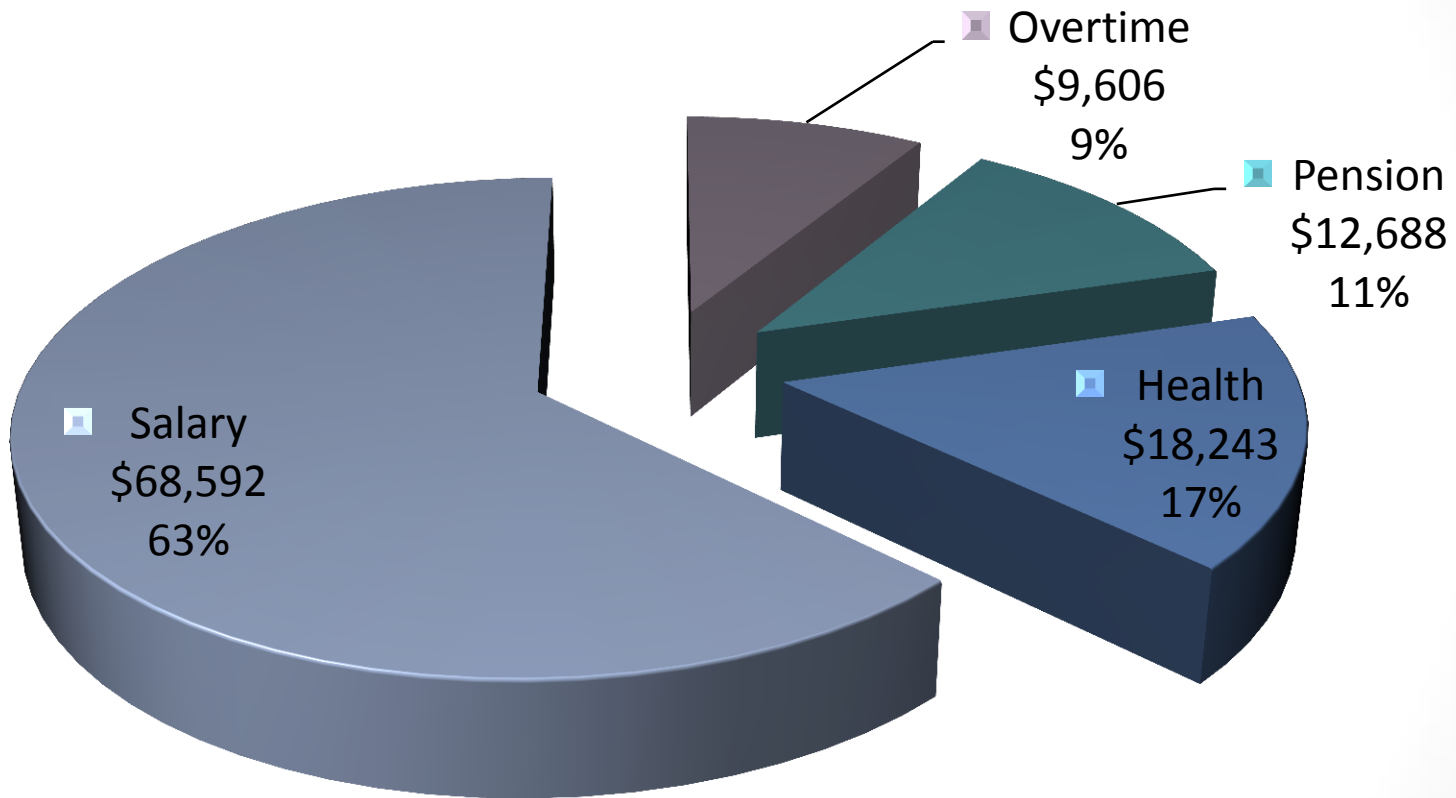
Average Total Cost: \$131,802

# Breakdown of Average Employee Cost: Confidential Association



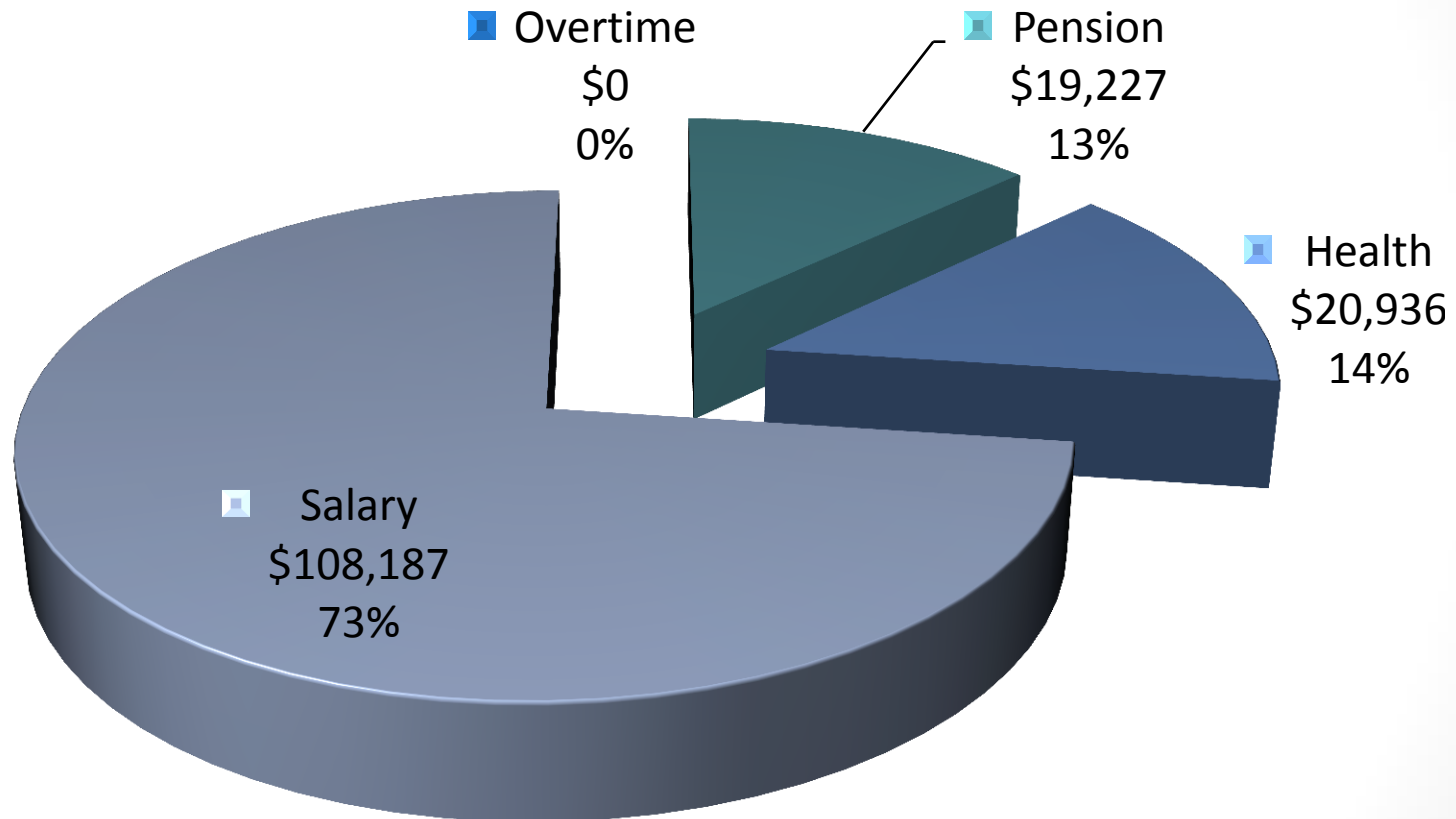
Average Total Cost: \$87,534

# Breakdown of Average Employee Cost: Safety Support Association



Average Total Cost: \$109,129

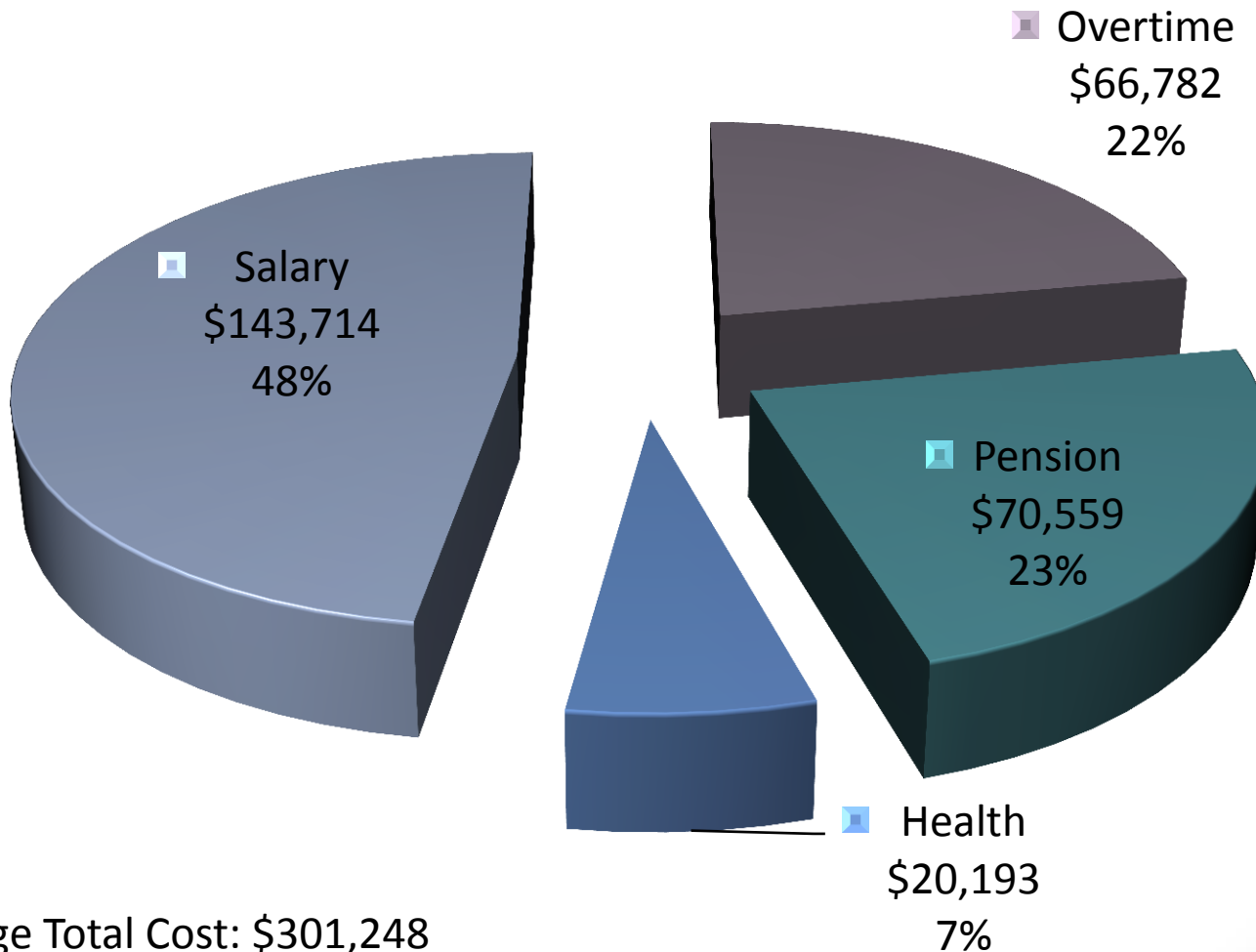
# Breakdown of Average Employee Cost: Management and Professional Association



Average Total Cost: \$148,350

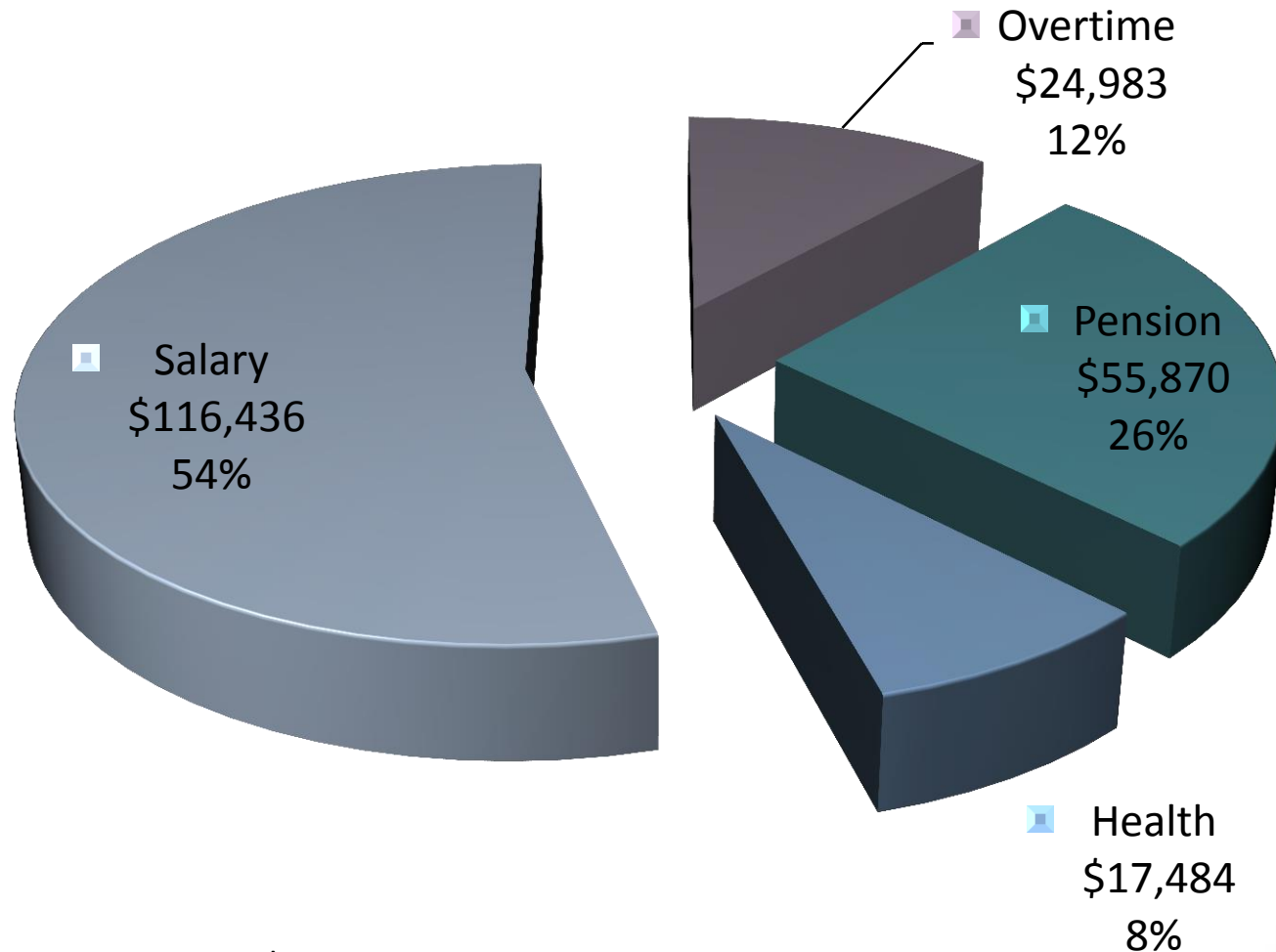


# Breakdown of Average Employee Cost: Firefighters' Association



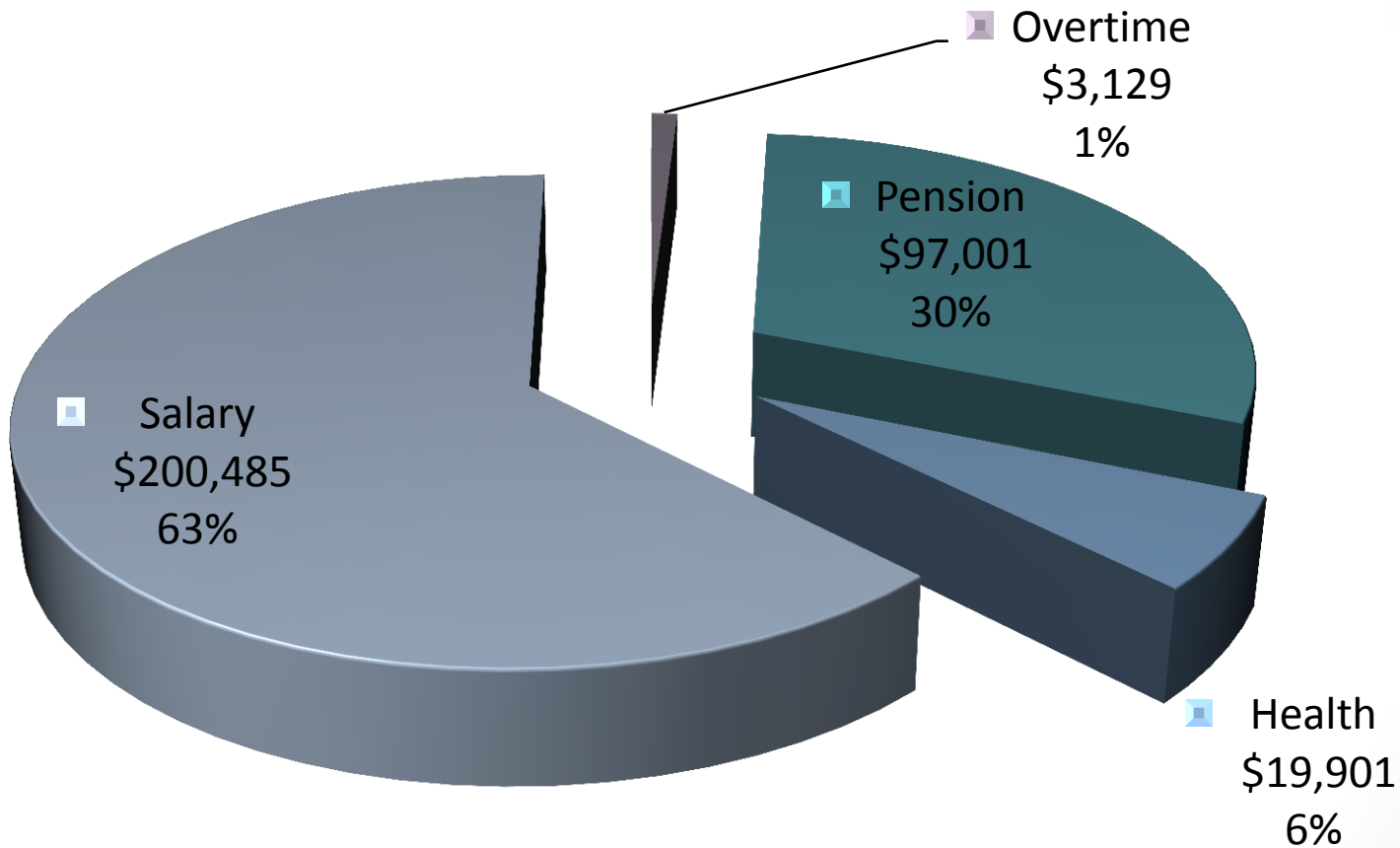
Average Total Cost: \$301,248

# Breakdown of Average Employee Cost: Police Officers' Association



Average Total Cost: \$214,773

# Breakdown of Average Employee Cost: Police Management Association



Average Total Cost: \$320,516

# Public Employee Pension Reform Act (PEPRA) Overview

## **“Classic” Employees:** hired prior to 1/1/13 or laterals

- Maintain existing retirement formula and calculation based on single highest year
- In 2018, City has the right to require “classic” employees to pay 8% of the pension cost for non-safety and 12% for safety (any combination of member and employer contribution)

## **“New Member” Employees:** new to CalPERS after 1/1/13

- Lower retirement formula and retirement calculation based on any consecutive three year average
- As of 1/1/13, PEPRA requires that “new members” contribute one half the normal cost (currently 6.25% for non-safety and 12% for safety, based on actuarial valuation)
  - Due to contract impairment, PEPRA safety members will not pay half the normal cost until the current MOUs expire

# Employee Pension Plan Summary

Employee Type	Pension Plan Type	# of Employees as of 4/15/15	Formula	Employee Contribution
Miscellaneous (non-safety)	Classic	560	2.5% @ 55	8%
Miscellaneous (non-safety)	PEPRA	101	2% @ 62	8%
Safety (Police & Fire)	Classic	174	3% @ 50	Fire 3% <sup>[2]</sup> PD 4% <sup>[3]</sup>
Safety (Police & Fire)	Classic (Tier 2)	18	3% @ 55	Fire 3% <sup>[2]</sup> PD 4% <sup>[3]</sup>
Safety (Police & Fire)	PEPRA <sup>[1]</sup>	14	2.7% @ 57	Fire 3% <sup>[2]</sup> PD 4% <sup>[3]</sup>

<sup>[1]</sup>PEPRA Safety employees will pay a minimum of 12% of pension cost upon contract expiration.

<sup>[2]</sup> Fire Safety employees will contribute 3% of the member contribution as of 7/1/15.

<sup>[3]</sup> Police Safety employees currently contribute 3% of the employer contribution (cost sharing) and as of 1/1/16 will contribute an additional 1% toward the member contribution.

# Projected PERS Rates

for “Classic” employees Employer Portion of Rate

Fiscal Year	<b>Miscellaneous</b>	<b>Safety</b> (Police & Fire)
	Projected Rate	Projected Rate
2015-16 <sup>[1]</sup>	18.8%	41.3%
2016-17	20.2%	44.5%
2017-18	21.2%	46.7%
2018-19	22.2%	48.9%
2019-20	23.2%	51.2%
2020-21	23.2%	51.1%

<sup>[1]</sup> Rates for FY15/16 are actual and not projected.

# 2015-16 Pension Rate Structure

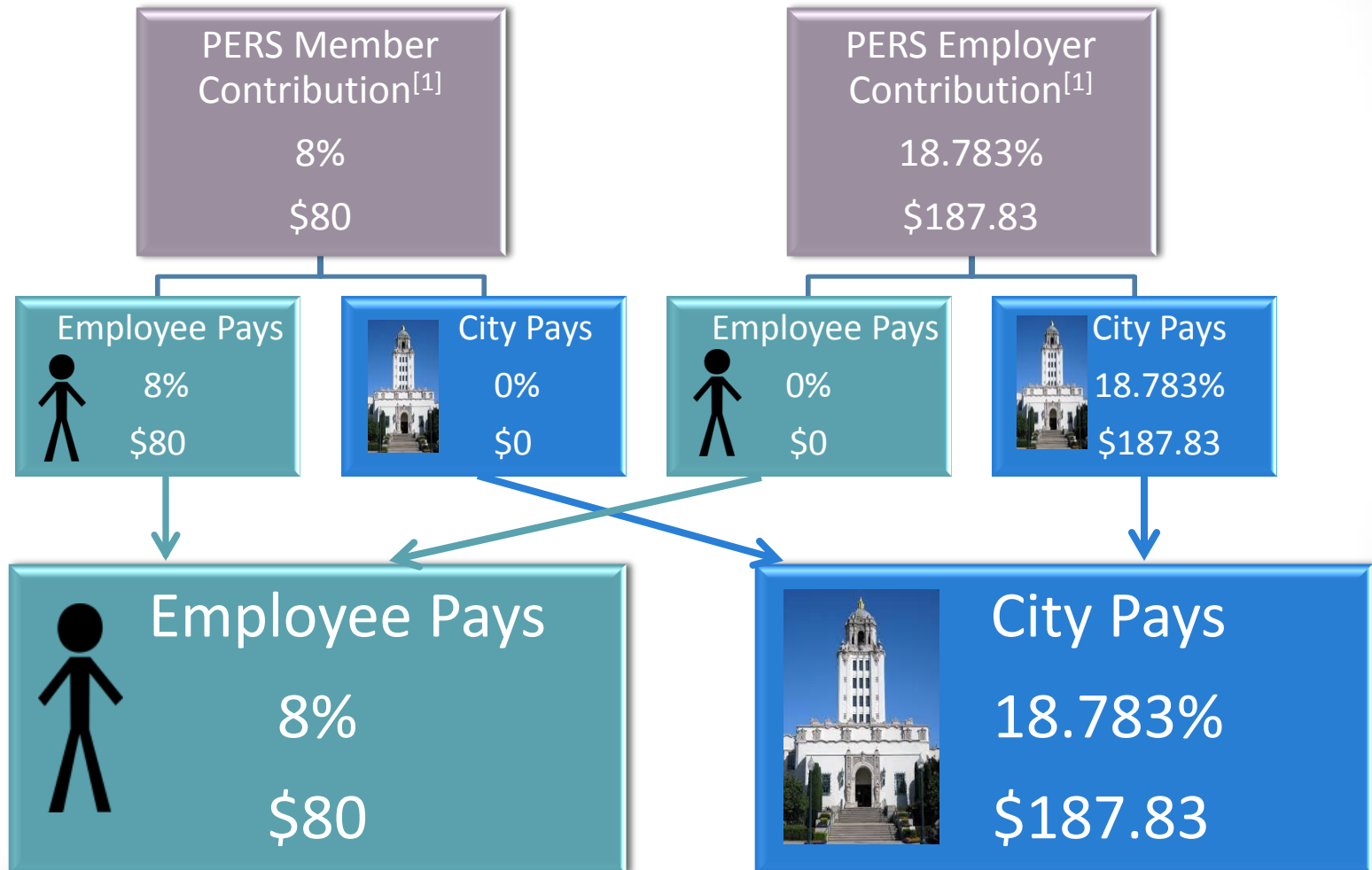
	Misc.	Safety (Fire)	Safety (Police)
Employer normal cost	8.4%	19.1%	19.1%
Unfunded Liability rate	<u>10.4%</u>	<u>22.2%</u>	<u>22.2%</u>
Employer rate	18.8%	41.3%	38.3%
Employer paid member rate	<u>0.0%</u>	<u>6.0%</u>	<u>8.0%</u>
Total employer rate	18.8%	47.3%	46.3%
Employee paid rate	<u>8.0%</u>	<sup>[1]</sup> <u>3.0%</u>	<sup>[2]</sup> <u>4.0%</u>
Total pension rate	26.8%	50.3%	50.3%

<sup>[1]</sup> Fire safety employees negotiated to phase in payments of 3% of the total 9% employee portion of the pension rate by 7/1/15.

<sup>[2]</sup> Police safety employees negotiated to phase in payments of 1% of the total 9% employee portion of the pension rate and 3% of the employer portion of the pension rate (cost sharing) by 1/1/16.

# Breakdown of Pension Costs: Non-Safety MOUs (Classic)

Earnings = \$1000

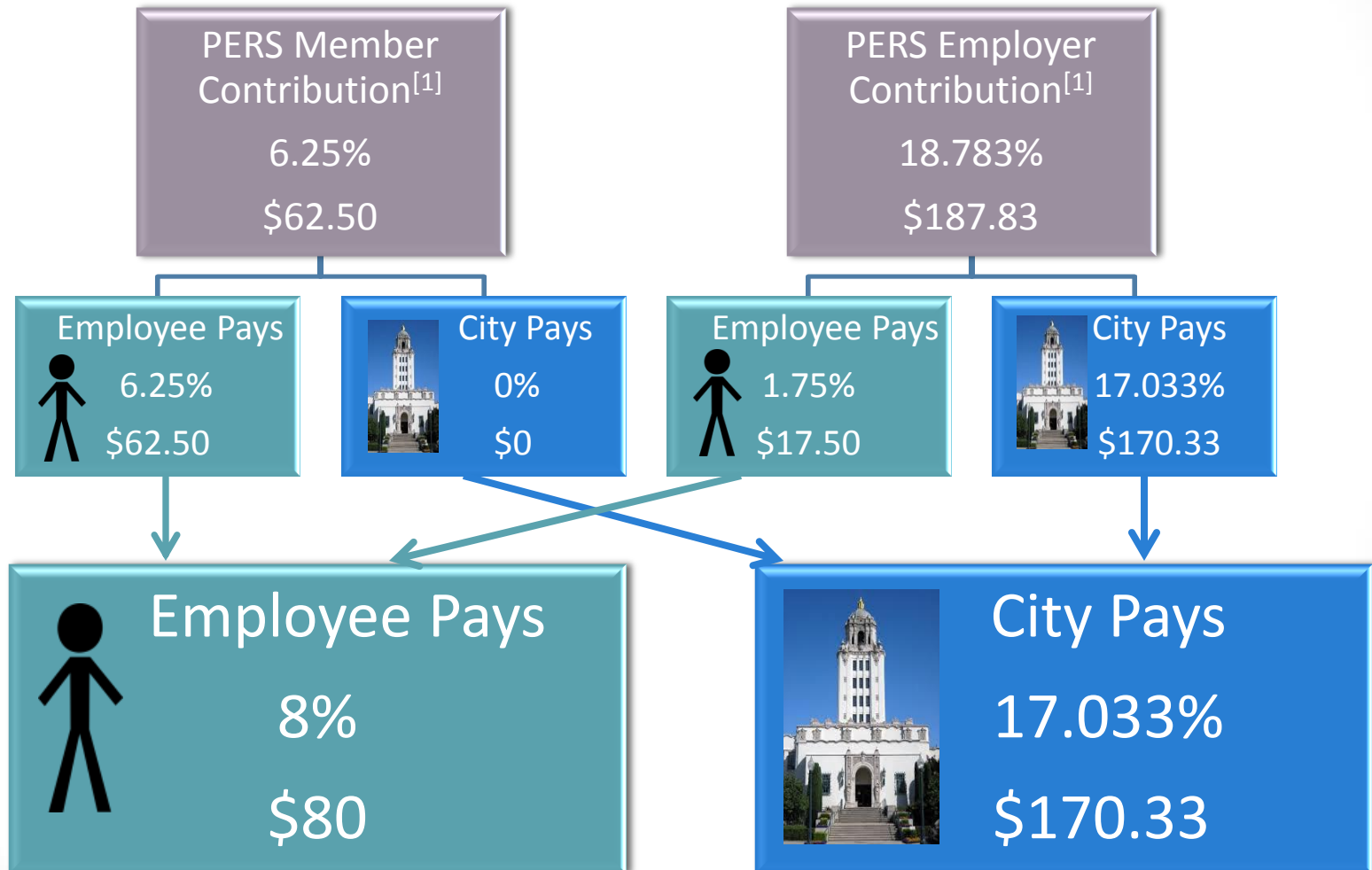


<sup>[1]</sup>FY15/16 PERS Rates



# Breakdown of Pension Costs: Non-Safety MOUs (PEPRA)

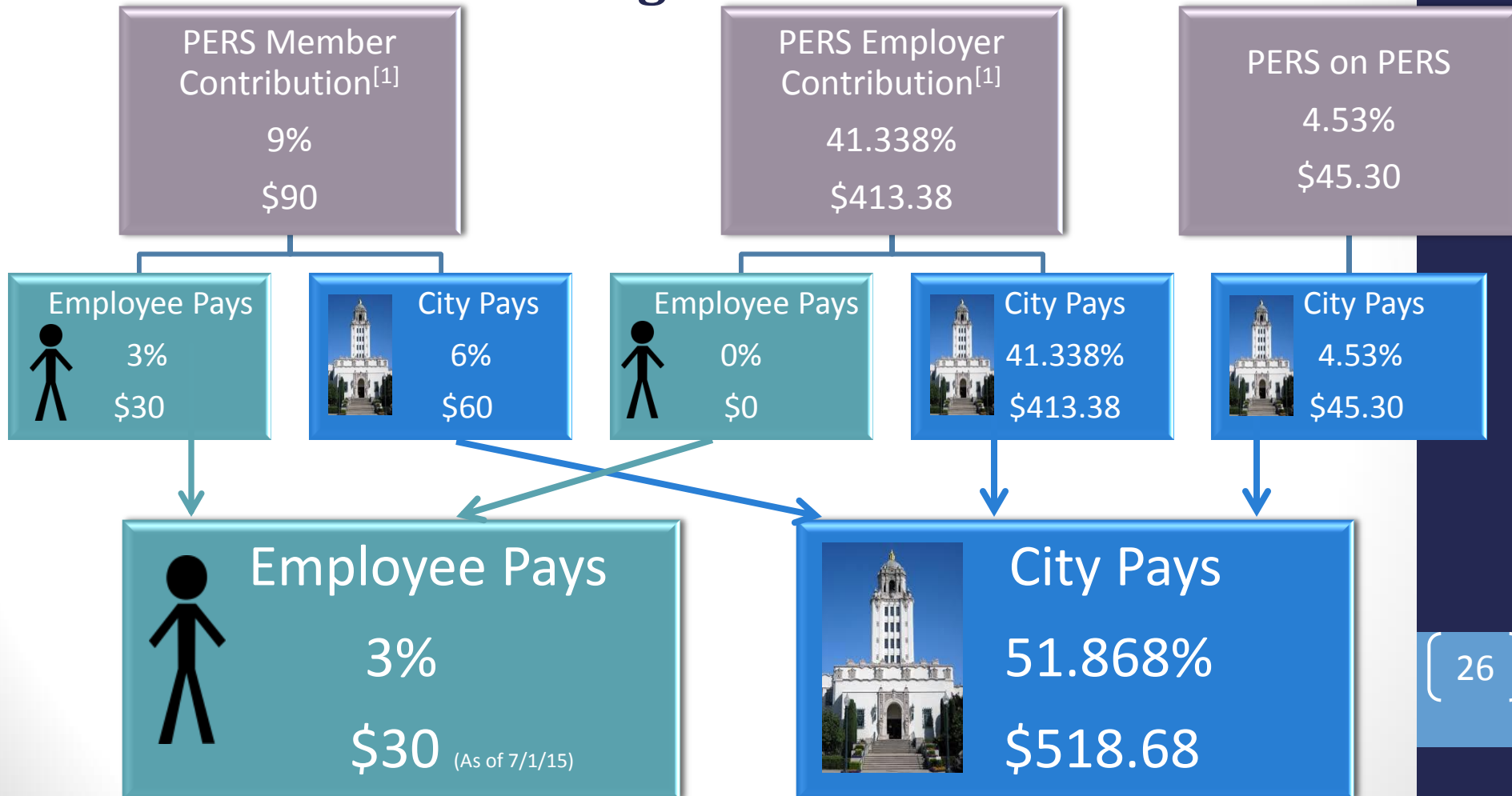
Earnings = \$1000



<sup>[1]</sup>FY15/16 PERS Rates

# Breakdown of Pension Costs: Fire Safety (Classic)

Earnings = \$1000

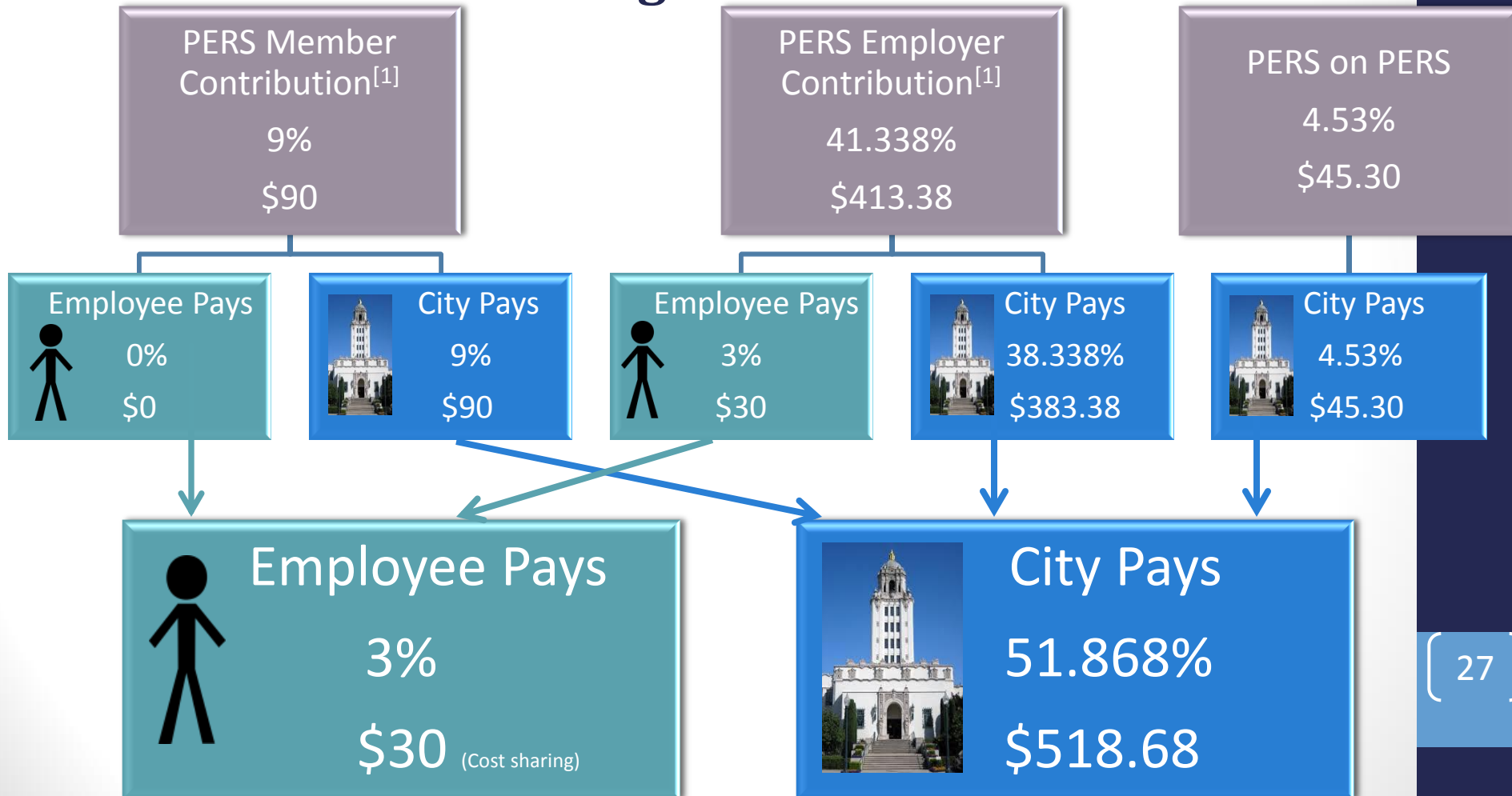


<sup>[1]</sup>FY15/16 PERS Rates

# Breakdown of Pension Costs: Police Safety (Classic)

As of 7/1/15

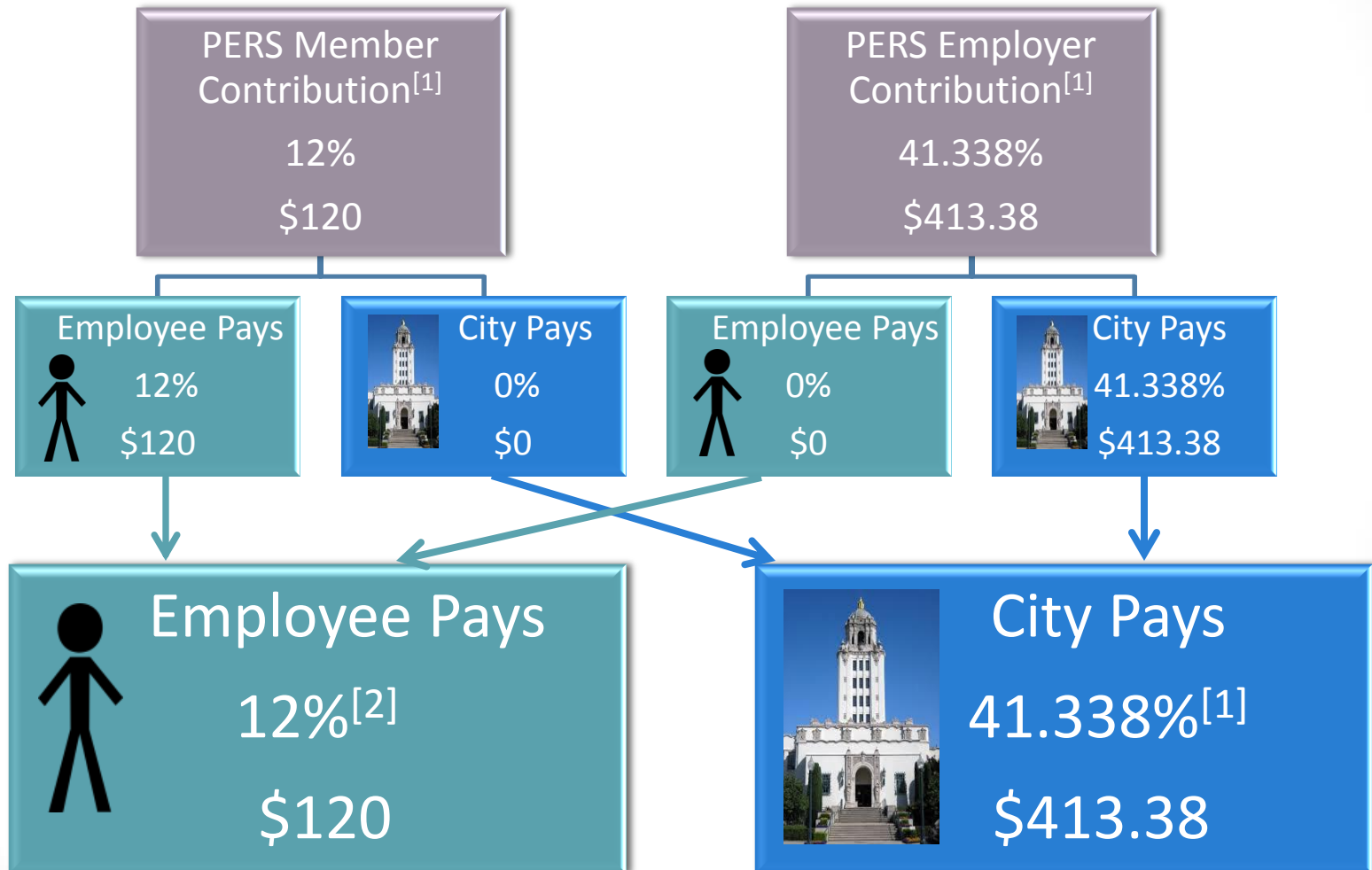
**Earnings = \$1000**



<sup>[1]</sup>FY15/16 PERS Rates

# Breakdown of Pension Costs: Fire & Police Safety (PEPRA)

Earnings = \$1000



<sup>[1]</sup>FY15/16 PERC Rates

<sup>[2]</sup>PEPRA Safety employees will pay a minimum of 12% of pension cost upon contract expiration.

# Issues We Anticipate Negotiating In These Upcoming Negotiations

## Economic issues

- Term
- Compensation
- Health benefits
- Retirement contributions

## Non-economic (management operational issues)

- The departments have begun to identify issues they may want to address which deal with the operations of each department

# Questions?

## **Next City Council Meeting (Formal)**

Monday, June 8th

7:00pm

Council Chambers