



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: January 28, 2014

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Introduction Of Ordinance For The 2013-2016 General Unit Memorandum of Understanding

RECOMMENDATION:

That Council ratify the Memorandum of Understanding between the City and the Santa Barbara City Employees' Association, Local 620, Service Employees' International Union, for the period of October 1, 2013, through September 30, 2016, by introduction and subsequent adoption of, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Adopting the 2013-2016 Memorandum of Understanding Between the City of Santa Barbara and the Santa Barbara City Employees' Association (General Unit) and Providing for Compensation Changes for Confidential Employees.

DISCUSSION:

On December 19, 2013, negotiators from the City and the General bargaining unit reached a tentative three-year labor agreement in accordance with Council parameters. The agreement was ratified by the bargaining unit membership on January 15, 2014.

Under the agreement, employees will receive the following across-the-board salary increases.

Fiscal Year	Effective Date	Amount
2014	October 5, 2013	2.0%
	April 5, 2014	0.5%
2015	October 4, 2014	2.0%
2016	October 3, 2015	2.5%
	January 9, 2016	0.5%

Certain classifications will also receive special adjustments in the first two years of between 2% and 5% in order to address identified market and internal alignment inequities. The City has agreed to conduct a labor market compensation survey before the third year of the agreement and to reopen negotiations over whether and how to address any additional market inequities identified at that time.

After the 2013 vacation cash out (which has already occurred), the annual cash-out benefit will be eliminated, as it has been for other labor groups; there will be one final cash-out of a maximum of 50 hours in December 2014. The vacation accrual cap will be increased by 40 hours. There will also be a \$30 per month increase to the City's maximum contribution toward medical insurance effective January 1, 2015.

Other provisions of the new MOU include: a reduction in the service requirement to receive a retirement medical contribution (still at \$9.65 per month per year of service) from 15 years to 10 years; elimination of the annual tool allowance for golf course employees and an increase of \$15 per year for motor pool employees receiving this allowance; reinstatement (in Fiscal Year 2015) of the Educational Reimbursement program to allow employees to apply for up to \$1000 per year reimbursement of the cost of pursuing job related degrees, certifications, or training on the employee's own time (the program has been suspended for several years); clarification of the rules for job announcements, logging work time, shift differential, and holiday closures; and other minor and administrative agreements.

Finally, a labor/management task force will be established to meet monthly in the second year of the agreement to focus on joint collection of factual information related to the pros and cons of establishing a combined Paid Time Off ("PTO") benefit to replace current existing vacation, holiday and/or sick leave benefits. The group will also explore the implications of the Affordable Care Act and discuss the pros and cons of making related changes to the existing health premium contribution structure. The purpose of these meetings will simply be to gather information and discuss options, and not necessarily to make any changes.

Non-supervisory confidential employees gave up their vacation cash out several years ago and received an increase to their medical insurance contribution. Staff is recommending that the same salary and benefit increases provided to General Unit employees under this agreement also be extended to confidential employees, with the exception of the \$30 increase to medical insurance and the final vacation cash out, as these benefits have already been adjusted.

BUDGET/FINANCIAL INFORMATION:

The cost of the General Unit agreement in Fiscal Year 2014 is estimated to be \$241,338 to the General Fund, \$504,554 Citywide. The Fiscal Year 2014 operating budget already included the 2% October 2014 increase. It is anticipated that departments will be able to absorb the 0.5% April 2014 increase in their existing budgets, which will be offset by elimination of the cash out benefit in Fiscal Year 2015 and thereafter. The special salary adjustments to select positions will also likely be absorbed by departments. Staff will return later in the year if any related adjustments need to be made to the Fiscal Year 2014 budget.

The ongoing cost of the three-year agreement, net of savings due to the elimination of the unbudgeted vacation cash out benefit, will be \$2,539,762 to the General Fund, and about \$1,214,357 Citywide.

The additional cost to reinstate the Educational Reimbursement Program citywide will be \$45,000 per year, which will be included in the Human Resources training budget for Fiscal Year 2015.

SUBMITTED BY: Kristine Schmidt, Acting Administrative Services Director

APPROVED BY: City Administrator's Office