



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** June 3, 2014

**TO:** Mayor and Councilmembers

**FROM:** City Administrator's Office

**SUBJECT:** Hourly Employees Memorandum Of Understanding

### **RECOMMENDATION:**

That Council ratify the Memorandum of Understanding between the City and Service Employees' International Union, Local 620, Hourly Employees' Bargaining Unit, for the period of January 1, 2014, through December 31, 2017, by introduction and subsequent adoption of, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Adopting the 2014-2016 Memorandum of Understanding Between the City of Santa Barbara and the Service Employees' International Union, Local 620, Hourly Employees' Bargaining Unit.

### **DISCUSSION:**

In April 2014, negotiators reached a tentative agreement for a new 3-year labor agreement ("MOU") with the Hourly employees bargaining unit. The agreement was subsequently ratified by unit members. The Hourly employees bargaining unit represents hourly employees who work at least 520 hours in a fiscal year (25% of full-time), but fewer than 999 hours (48% of full-time). This unit currently contains approximately 358 temporary and limited-hour employees.

#### Wages

Wages for this bargaining unit have not been raised in many years. Under the new agreement, wages for hourly employees assigned to regular classifications will continue to be established at the bottom of the salary range for the regular classification, and thus they will receive the same negotiated increases for that regular classification. Other hourly classifications will receive increases of \$0.20 per hour each year (January 2014, July 2015 and July 2016). Certain classification groups that are clustered at or below the new California state minimum wage rates will receive additional increases to keep pace with the minimum wage.

Separate from the normal wage scale for hourly positions, the City has a minimum pay scale that was designed to ensure minimum levels of pay for hourly employees who work for the City on a longer-term basis. An employee may earn more than the regular wage rate for his or her classification under this longevity based pay scale, which will be increased as follows:

Longevity	Current	Effective 1/11/14	Effective 1/10/15	Effective 1/9/16
1 year of service & 1040 work hours in last 2 fiscal years	\$10.50 /hr	\$10.70 /hr	\$10.95 /hr	\$11.25 /hr
2 years of service & 1040 work hours in last 2 fiscal years	\$12.20/hr	\$12.40/hr	\$12.65/hr	\$12.95/hr
3 years of service & 1040 work hours in last 2 fiscal years	\$13.25 /hr	\$13.65 /hr	\$14.05 /hr	\$14.60 /hr

Other Agreements

Other agreements included agreement on the impacts on incumbent employees of the consolidation and re-titling of certain hourly classifications, the union's access to employee contact information, and provisions providing flexibility to the City to address the requirements of the Affordable Care Act.

Application to Non-union Hourly Employees

The increases to wage rates, above, will also apply to hourly employees who are not in the bargaining unit, either because they are in classifications that are not covered by the bargaining unit, or because they do not meet the threshold minimum hours. Many of these employees are also subject to the California minimum wage increase that will be addressed by the negotiated wage increases.

**BUDGET/FINANCIAL INFORMATION:**

The total cost of the agreement is estimated as follows:

General Fund Only: \$20,417 in Fiscal Year 2014; \$51,301 in Fiscal Year 2015; \$90,825 in Fiscal Year 2016; \$124,000 in Fiscal Year 2017; and \$125,748 ongoing thereafter.

All Funds: \$58,771 in Fiscal Year 2014; \$147,999 in Fiscal Year 2015; \$269,760 in Fiscal Year 2016; \$382,004 in Fiscal Year 2017; and \$388,523 ongoing thereafter.

Additional costs for non-union hourly employees will be:

General Fund Only: \$10,815 in Fiscal Year 2014; \$28,125 in Fiscal Year 2015; \$51,108 in Fiscal Year 2016; \$69,448 in Fiscal Year 2017; and \$70,366 ongoing thereafter.

All Funds: \$17,340 in Fiscal Year 2014; \$46,183 in Fiscal Year 2015; \$84,442 in Fiscal Year 2016; \$114,762 in Fiscal Year 2017; and \$116,045 ongoing thereafter.

The Fiscal Year 2014 and Fiscal Year 2015 budget included estimated across-the-board increases of 2% each year. The cost of this agreement falls within those total cost parameters. However, under the agreement, operations with lower wage classifications that are the most affected by minimum wage increases and longevity pay eligibility, such as the libraries and parking operations, will see a higher percentage cost than operations with higher paid hourly employees.

No adjustments are proposed for the current year or next fiscal year as the costs are very similar to amounts estimated at the fund level. Where costs exceed estimates, the differences are not significant.

**SUBMITTED BY:** Kristine Schmidt, Acting Administrative Services Director

**APPROVED BY:** City Administrator's Office