



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: February 3, 2009

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Introduction Of Ordinance For 2008-2010 General Unit Memorandum Of Understanding

RECOMMENDATION: That Council:

- A. 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, 2008 through September 30, 2010, by introduction and subsequent adoption of, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Adopting the Memorandum of Understanding Between the City of Santa Barbara and the Santa Barbara City Employees' Association (General Unit); and
- B. Cancel the Council meeting scheduled for Tuesday, March 31, 2009, in honor of Cesar Chavez Holiday.

EXECUTIVE SUMMARY:

On December 23, 2008 negotiators reached a tentative agreement for a new 2-year labor agreement with the General employees bargaining unit, within the economic parameters set by the City Council.

The total cost of the package is approximately 3% in the first year, and between 2% and 5% in the second year. In the first year, the new agreement will provide a salary increase of 2.5% plus benefits increases equivalent to approximately 0.5% and a new Cesar Chavez paid holiday. In the second year, the agreement provides a salary increase of 1.5% plus benefits increases equivalent to approximately 0.5%, and a formula based on the Consumer Price Index (CPI) that may provide additional salary increases. For each percent or part thereof that the CPI as of June 2009 exceeds 2.5%, employees may qualify for an additional 0.5% salary in the second year, up to a maximum of a 3% additional salary increase.

The ongoing budget cost of the labor agreement and the extension of the same salary and benefit increases to confidential employees will be \$1,824,259, assuming no additional salary increase under the CPI formula in the second year. This cost will not be fully realized until FY 2011. The additional ongoing cost due to the CPI formula could be a maximum of \$1,159,800. No additional appropriation is necessary to cover the FY 2009 cost of \$728,525.

DISCUSSION:

The General bargaining unit is the City's largest, representing about 500 positions. The new agreement will cover the period between October 1, 2008 and September 30, 2010. The agreement has been ratified by the membership of the bargaining unit.

Salaries

Employees will receive an across-the-board salary increase of 2.5% retroactive to October 11, 2008.

Effective October 10, 2009, employees will receive a minimum salary increase of 1.5%. In addition, employees may receive further salary increases based on the June 2008 to June 2009 12-month change in the Los Angeles-Riverside-Orange Consumer Price Index (CPI)], as follows:

- A. If the change in the CPI is greater than 2.5%, but less than or equal to 3.5%, employees will receive an additional 0.5% (2.0% total salary increase).
- B. If the change in the CPI is greater than 3.5%, but less than or equal to 4.5%, employees will receive an additional 1.0% (2.5% total salary increase).
- C. If the change in the CPI is greater than 4.5%, but less than or equal to 5.5%, employees will receive an additional 1.5% (3.0% total salary increase).
- D. If the change in the CPI is greater than 5.5%, but less than or equal to 6.5%, employees will receive an additional 2.0% (3.5% total salary increase).
- E. If the change in the CPI is greater than 6.5%, but less than or equal to 7.5%, employees will receive an additional 2.5% (4.0% total salary increase).
- F. If the change in the CPI is greater than 7.5%, employees will receive an additional 3.0% (4.5% total salary increase).

This agreement does not include any special salary adjustments due to market inequities.

Medical Benefits

The maximum monthly City contribution toward medical benefits will be increased by \$50 per month in January 2009 and by \$50 per month in January 2010.

Cesar Chavez Holiday

Employees will be eligible for a new paid holiday to celebrate Cesar Chavez's birthday. The holiday will be celebrated on March 31 each year, the same day it is celebrated by State of California offices. In 2009, the holiday will be celebrated on Tuesday, March 31. Staff recommends that Council cancel the regular City Council meeting on that date in honor of the holiday.

Other Benefit Enhancements

The agreement includes increases each year to retiree medical insurance contributions and to the hourly premiums for working the swing and graveyard shifts.

Other Agreements

Other agreements reflected in the new MOU include agreements related to mandatory direct deposit of payroll, vacation donations, employee orientation, use of computing resources, notification of employee participation on interdepartmental teams, and performance evaluations. The new MOU also incorporates various preexisting sideletter agreements between the City and the bargaining unit.

BUDGET/FINANCIAL INFORMATION:

The ongoing budget cost of the General bargaining unit agreement, assuming no additional salary increase under the CPI formula in the second year, is \$1,684,002, which will not be fully realized until FY 2011. The additional cost due to the CPI formula could be a maximum of \$1,062,988.

As is customary, staff recommends extending the same salary and fringe benefit increases to 42 confidential employees at an ongoing budget cost of \$140,257, with up to an additional \$96,812 under the CPI formula.

No additional appropriation is necessary to cover the FY 2009 cost of \$671,091 for the General unit employees and \$57,434 for confidential employees.

PREPARED BY: Kristine E. Schmidt, Employee Relations Manager

SUBMITTED BY: Joan M. Kent, Assistant City Administrator

APPROVED BY: City Administrator's Office