



Agenda Item No. _____

File Code No. 440.02

CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: June 14, 2011

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Introduction Of Ordinance For 2011-2013 Treatment And Patrol (TAP) Memorandum Of Understanding

RECOMMENDATION:

That Council Ratify the Memorandum of Understanding between the City and the Service Employees' International Union, Local 620, Airport and Harbor Patrol Officers' and Treatment Plants' Bargaining Units, for the period of January 1, 2011 through December 31 2013, by introduction and subsequent adoption of, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Adopting the 2011-2013 Memorandum of Understanding Between the City of Santa Barbara and the Patrol Officers' and Treatment Plants' Bargaining Units (TAP Units).

DISCUSSION:

Negotiators have reached a new three-year labor agreement with the Treatment and Patrol (TAP) bargaining units in accordance with parameters set by Council. These are two of the four City bargaining units represented by the Service Employees International Union (SEIU), Local 620. The agreement includes concessions that will achieve overall labor cost savings of \$740,859 over the three-year term. At the end of three years, a salary increase will increase costs by \$290,101. The agreement is expected to have been ratified by the bargaining unit membership prior to Council consideration of this action.

The Treatment and Patrol Unit has 110 budgeted positions, almost all of which are charged to Enterprise operations (Water Fund, Airport Fund, and Waterfront Fund). Therefore, concessions achieved through this agreement will do little to relieve the General Fund. However, salary savings in these Enterprise funds will help to control costs for users and rate payers during this difficult economic period.

Negotiations were initially delayed due to turnover in the bargaining unit leadership, so this agreement is retroactive to January 1, 2011.

PERS Contribution

Most employees in this bargaining unit are part of the PERS Miscellaneous Plan and have paid into the PERS pension plan for a number of years. However, sworn Harbor Patrol employees are included under the PERS Police Safety Plan and did not previously make a contribution. Under the new agreement, employees will begin making a 3% contribution toward their pension benefits, similar to that recently negotiated with the Police Officers Association.

Re-opener on Retirement Reform

Under this Agreement, the City and the Union will begin meeting immediately to explore the options and implications of various types of retirement reform, which will include but not be limited to implementing a different retirement formula for new hires (commonly referred to a "Two Tier" retirement). Then, in January 2013, the parties will re-open formal negotiations on Two Tier retirement. This should coincide in timing with negotiations with the Police and Fire unions, whose agreements expire in June 2013. The implementation of Two Tier retirement under this re-opener will not become effective for new miscellaneous employees (non-sworn) earlier than a Two Tier retirement is applicable to new sworn employees.

Furlough and Relinquishment of Paid Time Off

All employees will take an unpaid furlough (time off without pay) in both Fiscal Year 2012 and Fiscal Year 2013, and some will also relinquish paid leave time. Three groups of employees will take furlough in differing amounts as follows:

- Group 1: Some operations do not have constant staffing requirements and can more readily absorb furlough. Employees in these operations will take a 75 hour furlough in both Fiscal Years 2012 and 2013.
- Group 2: Other operations, such as the water and wastewater treatment plants, operate at constant staffing. Furlough alone cannot be easily implemented without creating overtime costs. In these operations, employees will both relinquish 32 hours of their paid time off and will take a 42 hour unpaid furlough each year. The net effect will be only 10 hours of additional time away from work, which the departments can absorb without increasing overtime costs.
- Group 3: Harbor Patrol employees will relinquish only 5 hours of paid time off and take only 5 hours of furlough each year in recognition of their increased PERS contribution.

City staff and the union will meet informally in spring of 2012 to discuss whether those employees in Group 2 can take more furlough in Fiscal Year 2013 in lieu of relinquishing paid leave. However, this will depend on staffing levels and any change would need to be mutually agreeable.

Vacation Cash-Out Suspended

The annual vacation cash-out benefit will again be suspended for the duration of this agreement. The previous agreement to suspend this had expired.

Salary Increase

At the very end of the agreement, on December 28, 2013, employees will receive a 3% across-the-board salary increase. However, as with increases that were agreed to with the Police and Fire bargaining units, by declaring either a fiscal emergency or a financial windfall by Resolution, Council may reopen negotiations to reconsider the amount of this increase.

In light of the economic climate in the past few years, the City and the Union mutually agreed not to conduct a salary survey in 2010 that was provided for under that MOU. Instead, this salary survey will be conducted at the end of the new MOU.

Miscellaneous

The agreement also includes miscellaneous agreements regarding work schedule, and standby and call-back language.

BUDGET/FINANCIAL INFORMATION:

This agreement will achieve overall short-term labor budget cost savings of \$740,859 over the three year term. Fiscal Year 2012 savings will be \$332,104. At the end of the agreement, labor costs will increase by \$290,101.

In addition, the relinquishment of paid leave time, which is not included in the above cost savings, will provide productivity savings that will allow the City to absorb the furlough with little impact on productivity in constant staffing operations.

PREPARED BY: Kristine Schmidt, Employee Relations Manager

SUBMITTED BY: Marcelo Lopez, Assistant City Administrator

APPROVED BY: City Administrator's Office