



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: March 17, 2009

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Introduction Of Ordinances For Memorandum Of Understandings And Salary Plans For TAP Unit, Hourly Unit, Supervisors Unit, And Unrepresented Managers (Fiscal Year 2009 – Fiscal Year 2011)

RECOMMENDATION: That Council:

- A. 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 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 Patrol Officers' and Treatment Plants' Bargaining Units (TAP Units).
- B. Ratify the Memorandum of Understanding between the City and the Service Employees' International Union, Local 620, Hourly Employees' Bargaining Unit, for the period of November 1, 2008, through December 31, 2010, by introduction and subsequent adoption of, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Adopting a Memorandum of Understanding Between the City of Santa Barbara and the Hourly Employees' Bargaining Unit;
- C. Ratify the Memorandum of Understanding between the City and the Santa Barbara City Supervisory Employees' Bargaining Unit for the period of January 10, 2009, through January 9, 2011, 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 Supervisory Employees' Bargaining Unit (Supervisors' Unit); and
- D. Introduce and subsequently adopt, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Setting Forth and Approving a Salary Plan for Unrepresented Managers and Professional Attorneys for the period of July 1, 2008, through December 31, 2010, and a Salary Plan for Sworn Fire Managers and Unrepresented Sworn Police Managers, for the period of July 1, 2008, through June 30, 2010.

EXECUTIVE SUMMARY:

This action will adopt memoranda of understanding and salary plans for employees in the following employee groups: the Treatment and Patrol Bargaining Units (TAP), the Hourly Employees bargaining unit, the Supervisory Employees bargaining unit, and unrepresented management employees.

This will conclude all active labor negotiations. The cost of each MOU and salary plan is within the economic parameters set for negotiators by the City Council.

DISCUSSION:

Treatment and Patrol Unit

On February 4, 2009, negotiators reached a tentative agreement for a new 2-year labor agreement (“MOU”) with the Treatment and Patrol employees bargaining units within the economic parameters set by the City Council. The Treatment and Patrol units represent 107 positions in the Water and Wastewater Divisions and performing airport patrol, harbor patrol, and park ranger functions. Positions in this labor unit are almost exclusively funded from Enterprise Funds.

In the first year, the new agreement will provide an across the board salary increase of 2.5%, plus benefits increases equivalent to approximately 0.25%. In the second year, the agreement provides a salary increase of 1.5%, plus benefits increases equivalent to approximately 0.25%. Additional labor market inequity adjustments will be provided to certain classifications (Water Distribution and Collection, Airport and Harbor Patrol) over the term of the agreement. The ongoing cost of the additional market adjustments is roughly equivalent to 4.3% over the two years.

Unlike the agreement with the General bargaining unit his agreement does not include the Cesar Chavez holiday or a CPI escalator applied to wages in the second year.

The City had sought a 5% furlough of unit employees, however alternative concessions were agreed to in lieu of such a furlough. The agreement postpones otherwise agreed upon salary increases by 6 months in each year (Until April 2010, rather than October 2009), and calls for the suspension of the annual vacation cash-out provision for the remaining term of the MOU. The combined one-time cost savings of these alternate concessions of -\$198,900 in Fiscal Year 2009 and -\$218,511 in 2010 will be equivalent to the 5% furlough that management had sought for Fiscal Year 2010. These alternate concessions will have a lesser impact on operations than a furlough, since this bargaining group consists largely of shift workers whose operations continue when other offices are closed.

Hourly Employees Unit

On February 19, 2009, negotiators reached a tentative agreement for a new 2-year and 2 month labor agreement (“MOU”) with the Hourly employees bargaining unit. The Hourly Employee’s 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 320 temporary and limited-hour employees.

Council Agenda Report

Introduction Of Ordinances For Memorandum Of Understandings And Salary Plans For TAP Unit, Hourly Unit, Supervisors Unit, And Unrepresented Managers (Fiscal Year 2009 – Fiscal Year 2011)

March 17, 2009

Page 3

Under the new agreement, wages for hourly employees in regular classifications will continue to be established at the bottom of the salary range for the regular classification. For other hourly classifications, minimum wage rates are established under a longevity-based minimum pay scale. This pay scale will be increased as follows:

Longevity	Current	Effective 2/28/09	Effective 1/2/10
1 year of service & at least 1040 work hours	\$10.25 /hr	\$10.35/hr	\$10.50 /hr
2 years of service & at least 1040 work hours	\$11.50 /hr	\$12.00/hr	\$12.20/hr
3 years of service & at least 1040 work hours	\$12.50 /hr	\$13.00/hr	\$13.25 /hr

The accrual cap for paid time off for these employees will be increased from 20 hours to 40 hours. This does not affect accrual rates. In addition, the agreement includes increased eligibility for existing health insurance reimbursement provisions, and agreements related to unpaid release time for bereavement leave and unpaid medical leave of absences.

Hourly employees do not have regular schedules or guaranteed hours, so a furlough is not applicable to this unit.

Supervisory Employees

On February 26, 2009, negotiators reached a tentative agreement for a new 2-year labor agreement (“MOU”) with the Supervisors bargaining unit within the economic parameters set by the City Council. The Supervisory bargaining unit represents 84 first and second line supervisors throughout the organization.

Though it includes nominal salary increases, this Agreement will result in a short term net decrease to labor costs in Fiscal Year 2010 over the current fiscal year. The decrease in Fiscal Year 2010 over current costs is estimated to be \$218,731.

As compared to the agreement recently reached with the General employees bargaining unit:

- Salary increases will be partially delayed (1% to September 2009 and 1.5% to April 2010, rather than January 2009 and January 2010);
- No increase to health benefits will be granted during the term of this agreement;
- An unpaid furlough of up to 104 hours (5%) for each full-time employee will be implemented during the 2010 fiscal year.
- The annual vacation cash-out provision will be suspended in FY 2010 and, if necessary, FY 2011.
- There will be no CPI escalator applied to wages in the second year.

The agreement with Supervisors will provide an across the board increase to base salaries of 1.5% in January 2009, 1% in September 2009, and 1% in April 2010. Supervisors will also be eligible for the new Cesar Chavez holiday and retiree medical contributions similar to the General Unit. Agreements were also reached on drug and alcohol testing, performance evaluation and layoff, working out of classification, salary surveys and other employee-employer relations matters.

Council Agenda Report

Introduction Of Ordinances For Memorandum Of Understandings And Salary Plans For TAP Unit, Hourly Unit, Supervisors Unit, And Unrepresented Managers (Fiscal Year 2009 – Fiscal Year 2011)

March 17, 2009

Page 4

Management Employees

The first new 2.5 year management salary plan (“Plan 1”) is applicable to most City of Santa Barbara managers and professional attorneys (53 employees). The previous Management Salary Plan expired on June 30, 2008. Management salary plans are often not renewed until after the conclusion of other negotiations.

As with the Supervisors agreement, though it includes nominal salary increases, this management salary plan will result in a short term net decrease to labor costs in Fiscal Year 2010 over the current fiscal year. The decrease in FY 2010 labor costs over current costs is estimated to be - \$362,834 for this group.

In contrast to other bargaining units:

- Management salary increases will be delayed by 9 months (Until April 2009 and 2010, rather than July 2008 and 2009);
- Managers will not receive any further health insurance increases. The management cafeteria plan allowance will be frozen at current 2009 levels for the duration of the management salary plan;
- Managers will be subject to an unpaid furlough of up to 104 hours (5%) for each full-time employee during the 2010 fiscal year and, if necessary, FY 2011;
- The annual vacation cash-out provision will be suspended in FY 2010 and, if necessary, FY 2011;
- There is no CPI escalator applied to wages in the second year.

As with the General unit, management employees will receive an across the board increase to base salaries of 2.5% in the first year and 1.5% in the second year. These managers will also be eligible for the new Cesar Chavez holiday.

The second 2 year management salary plan (“Plan 2”) is applicable only to Fire Battalion Chiefs, the Deputy Fire Chief, the Fire Chief, the Deputy Police Chief, and the Police Chief (9 employees).

These classifications will receive salary increases similar to those granted to the Police Management Association (PMA) employees: 3% in the first year and 3% in the second year. For Fire Battalion Chiefs, these increases will be effective in July of 2008 and July of 2009, the same effective date as PMA increases. For the Deputy Fire Chief, the Fire Chief, the Deputy Police Chief, and the Police Chief, these increases will not be effective until April 2009 and April 2010.

In addition:

- The management cafeteria plan allowance will be frozen at current levels for the duration of the management salary plan;
- To the extent feasible, these managers will be subject to an unpaid furlough of up to 104 hours (5%) during the 2010 fiscal year. For business or safety reasons, the City Administrator may choose not to furlough all or some safety managers.
- The annual vacation cash-out provision will be suspended in FY 2010 and, if necessary, FY 2011.
- Safety managers will not be eligible for the Cesar Chavez holiday.
- There is no CPI escalator applied to wages in the second year.

Neither of these management salary plans applies to the City Administrator or the City Attorney.

BUDGET/FINANCIAL INFORMATION:

Short Term Costs

For Fiscal Year 2009, the City had budgeted the following salary and benefit increases: 4% for the TAP unit effective October 2008, 4% for the Supervisors Unit effective January 2009; and 4% for managers effective July 2008. Because increases provided under these agreements are below what was budgeted, additional appropriations are not necessary for Fiscal Year 2009.

To varying degrees each of these agreements and plans also includes delays in salary increases, furloughs, and other concessions that will minimize the impact of salary and benefit increases in Fiscal Year 2010. The net increase/decrease in labor costs is over current costs is reflected below

Employee Group	FY 2009	FY 2010
Treatment & Patrol	88,833	408,677
Hourly Employees	57,339	149,465
Supervisory Employees	45,443	(218,731)
Unrepresented Management	81,091	(361,081)

Longer Term Costs

The ongoing costs of these agreements, which will not be realized until Fiscal Year 2011, or 2012 will be:

Employee Group	General Fund	Enterprise Funds	Total
Treatment & Patrol	9,792	738,897	748,689
Hourly Employees	81,767	91,864	173,631
Supervisory Employees	189,886	178,678	368,564
Unrepresented Management	409,038	113,512	522,550

Hourly costs include the costs of extending similar wage and benefit provisions to those few unrepresented hourly employees that meet the same longevity thresholds, and Supervisors costs include providing similar wage and benefit provisions to 2 confidential supervisors.

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SUBMITTED BY: Jim Armstrong, City Administrator

APPROVED BY: City Administrator's Office