

TO: James L. App, City Manager

FROM: Meg Williamson, Assistant City Manager

SUBJECT: Wage & Merit Suspension Agreements with S.E.I.U., Unrepresented Confidential, Professional and Management, and Part Time Employees

DATE: October 6, 2009

NEEDS: For the City Council to consider an offer from employees represented by the Service Employees International Union (SEIU), and those Unrepresented (Confidential, Professional and Management, and Part Time employees) to suspend scheduled wage and merit increases.

- FACTS:
1. The City continues to experience unprecedented financial challenges, with cumulative shortfalls of \$10,000,000 projected in the General Fund through the next four years.
 2. \$5,000,000 in recurring General Fund expenses have already been eliminated and planned staffing levels have been reduced by 20%.
 3. The City's Layoff Prevention plan (LPP) was activated effective November 1, 2008. The LPP is a method to systematically deal with periods of economic downturn in a manner that maintains the core integrity of the City's services and workforce. There are ten steps to implementation of the LPP:
 - Hiring Freeze
 - Voluntary Workforce Reductions (incentivized)
 - Reduction of Temporary Workforce
 - Defer Negotiated Annual Wage Adjustments
 - Suspend Negotiated Annual Wage Adjustments
 - Reduce Part-Time, Seasonal & New Hire Probationary Work Force
 - Defer Merit Pay Increases
 - Suspend Merit Pay Increases
 - Wage Reduction
 - Reduce Full-Time Workforce (Layoffs and Furloughs)
 4. The current Memorandums of Understanding (i.e. labor "contracts") between the City and the SEIU employee group and with Unrepresented employees are effective through March 31, 2010.
 5. On April 7, 2009 the City Council accepted the offer of these groups to defer salary increases scheduled for April 1, 2009, until April 1, 2010.

6. The City is obligated under State law to meet and confer with its employee groups to discuss wages, benefits, terms and conditions of employment. Implementation of the Layoff Prevention Plan is subject to mutual agreement with employee groups, until Step 10 (Layoffs and Furloughs).
7. Labor groups were asked to consider further deferral of scheduled wage increases (wage suspension) and suspension of merit step increases through June 30, 2011.
8. In August, the Unrepresented, Confidential, Professional and Management Group met and confirmed their unconditional agreement to suspend scheduled wage increases and merit step increases an additional 15 months beyond their current agreement.
9. In September, the SEIU represented group voted to enter into a tentative agreement for suspension of scheduled wage and merit increases through June 29, 2011 with conditions. This supplemental agreement includes the modification of the SEIU's health contract from the 90/10 to the 80/20 Anthem Blue Cross plan (cost savings) and avoidance of layoffs in their work group for lack of funds (also through the end of June 2011).
10. Part time employees are affected by the actions of these groups. Their compensation is benchmarked off of SEIU job classifications and will therefore be subjected to the wage and merit suspensions.
11. The Supplemental Memorandums of Understanding (SMOU) and/or administrative documentation of the offered wage and merit step suspensions are attached to this report.
12. Discussions with remaining labor groups (Fire and Police) are ongoing.

ANALYSIS &

CONCLUSION: In this badly weakened economy, our community's fiscal challenges remain great. With fewer resources to serve, it is incumbent that we find ways to do more with less. The SEIU employee and management groups have volunteered to suspend scheduled wage increases and merit step increases through June of 2011 to assure continuing public services while maintaining financial solvency.

POLICY

REFERENCE: California Government Code, Municipal Code Sec. 2.40.030(c), Layoff Prevention Plan dated 1992, and Resolution 06-115 (S.E.I.U., P.O.A., Unrepresented Confidential, Professional and Management

Employees and Part Time Workers wage and salary contracts. Resolution 09-037 accepting offer by all employee groups to defer wages for 12 months.

FISCAL

IMPACT: The cumulative impact of these groups' offer to suspend wage and merit increases is estimated to save the City an additional \$900,000.

OPTIONS: a. For the City Council to adopt Resolution No. 09-XX accepting the SEIU and Unrepresented employee groups' offers to suspend their scheduled April 1, 2009 wage increases through June 2011 and to suspend earned merit increases through June, 2011, in addition to authorizing the City Manager to execute a Supplemental Memorandum of Understanding with the S.E.I.U., and Administrative side letter(s) with Unrepresented staff.

b. Amend, modify or reject above option.

Attachment:

1. Resolution 09-XX accepting wage and merit suspension and authorizing the City Manager to execute a Supplemental Memorandum of Understanding (SMOU) with SEIU and administrative side letters with unrepresented staff.
2. SMOU – S.E.I.U.
3. Administrative Memo with Unrepresented personnel

RESOLUTION NO. 09 –

A RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF EL PASO DE ROBLES
AUTHORIZING EXECUTION OF A SUPPLEMENTAL MEMORANDUM OF
UNDERSTANDING WITH THE S.E.I.U. REPRESENTED GROUP, AND
ADMINISTRATIVE SIDE LETTER AGREEMENT WITH THE UNREPRESENTED
CONFIDENTIAL, PROFESSIONAL AND MANAGEMENT EMPLOYEES, AND
PART TIME WORKERS TO SUSPEND ANNUAL WAGE AND MERIT INCREASES
THROUGH JUNE 2011

WHEREAS, the City continues to experience unprecedented financial challenges, with cumulative shortfalls of \$10,000,000 projected in the General Fund through the next four years; and

WHEREAS, \$5,000,000 in recurring General Fund expenses have already been eliminated and planned staffing levels have been reduced by 20%; and

WHEREAS, the City's Layoff Prevention plan (LPP) was activated effective November 1, 2008 and the LPP is a method to systematically deal with periods of economic downturn in a manner that maintains the core integrity of the City's services and workforce; and

WHEREAS, the current Memorandums of Understanding (i.e. labor "contracts") between the City and the SEIU employee group and with Unrepresented employees are effective through March 31, 2010; and

WHEREAS, on April 7, 2009 the City Council adopted Resolution 09-037, accepting the offer of all employee groups to defer salary increases scheduled for April 1, 2009, until April 1, 2010; and

WHEREAS, the City is obligated under State law to meet and confer with its employee groups to discuss wages, benefits, terms and conditions of employment

WHEREAS, implementation of the Layoff Prevention Plan is subject to mutual agreement with employee groups, until Step 10 (Layoffs and Furloughs); and

WHEREAS, labor groups were asked to consider further deferral of scheduled wage increases (wage suspension) and suspension of merit step increases through June 30, 2011; and

WHEREAS, in August, the Unrepresented, Confidential, Professional and Management Group met and confirmed their unconditional agreement to suspend scheduled wage increases and merit step increases an additional 15 months beyond their current agreement; and

WHEREAS, in September, the SEIU represented group voted to enter into a tentative agreement for suspension of scheduled wage and merit increases through June 29, 2011 with conditions that includes the modification of the SEIU's health contract from the 90/10 to the 80/20 Anthem Blue Cross plan (cost savings) and avoidance of layoffs in their work group for lack of funds (also through the end of June 2011); and

WHEREAS, Part Time employees' compensation is benchmarked off of SEIU job classifications and will therefore be subjected to the wage and merit suspensions; and

WHEREAS, the SEIU and Management employees' offer of wage deferral is estimated to save the City an additional \$900,000 per year.

NOW, THEREFORE, LET IT BE RESOLVED by the City Council of the City of El Paso de Robles to accept the mutually agreed upon offers from SEIU represented and Unrepresented employees to suspend April 1, 2009 scheduled wage increases and merit step increases through June 2011, and hereby authorize the City Manager to execute a Supplemental Memorandum of Understanding (SMOU) with the S.E.I.U. labor group, and those Unrepresented (Confidential, Professional and Management, and Part Time) employees (attached herein); and

PASSED AND ADOPTED by the City Council of the City of el Paso de Robles this 6th day of October, 2009 by the following vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

Mayor Duane Picanco

ATTEST:

Cathy David, Deputy City Clerk

August 21, 2009

SUBJECT: Unrepresented Confidential, Professional and
Management Group Agreement to Suspend Scheduled
Wage & Merit Increases through June 30, 2011

The Paso Robles Unrepresented Confidential, Professional and Management Group (Management Group) met on August 20, 2009 at which there was a quorum of its members. At that meeting, the topics of contractually scheduled wage and merit increases were discussed.

The Management Group acknowledged the continuing dire economic times and the severity of financial challenges that face the City organization. As a result, the Management Group agreed, and offered without conditions, the following amendments to its compensation agreement with the City:

- a) All salary increases scheduled for April 1, 2009 shall be suspended until June 30, 2011.
- b) Commencing January 1, 2010, all merit step increases will be suspended until June 30, 2011. Step increases earned during the suspension period will be implemented on June 30, 2011, on a prospective basis.

Respectfully submitted on behalf of
the Unrepresented Confidential,
Professional and Management Group:



Meg Williamson, Assistant City Manager

Accepted by the City:

James. L. App, City Manager

SUPPLEMENTAL MEMORANDUM OF UNDERSTANDING #3
BETWEEN
THE CITY OF PASO ROBLES
AND
THE PASO ROBLES CITY EMPLOYEES' ASSOCIATION,
LOCAL 620, SERVICE EMPLOYEES INTERNATIONAL UNION

This Supplemental Memorandum of Understanding modifies the Memorandum of Understanding between the City of El Paso de Robles and the Paso Robles City Employees' Association, Local 620, Service Employees International Union for the period of April 1, 2006 to March 31, 2010 and the Supplemental Memorandum of Understanding April 7, 2008. Upon the signing of this supplemental Memorandum, the 2006-2010 MOU and Supplemental Memorandum shall be modified to incorporate these changes.

SECTION 1. TERM

The term of this agreement shall be Sixty-Three (63) months, commencing April 1, 2006 and shall remain in effect until June 30, 2011. Meet and confer shall commence no later than April 15, 2011. The parties agree to reopen discussions to review the City's economic circumstances in June 2010. Modifications to the terms of this Memorandum of Understanding and the Supplemental Memoranda may be made by mutual agreement.

SECTION 2. SALARY SCHEDULES

The City and Union agree that all salary increases scheduled for April 1, 2009 shall be suspended until and become effective on June 29, 2011.

Commencing January 1, 2010 all merit step increases will be suspended until June 29, 2011. Earned step increases will be implemented on June 29, 2011, on a prospective basis.

SECTION 7. HEALTH INSURANCE

Effective October 1, 2009 health plan coverage shall be changed from the 90/10 anthem plan to the 80/20 anthem plan. City and employee contributions shall be as follows, effective October 1, 2009.

	City	Employee
Employee only	\$396.96	\$0
Employee plus 1	\$743.01	\$90.57
Employee plus family	\$1051.99	\$138.81

MOU language regarding the sharing of future increases shall remain unchanged.

SECTION 13. HOLIDAYS

Amend the first paragraph to read:

Employees may also request the day before or after the Christmas holiday (day observed) or the day after the New Year's holiday (day observed) in lieu of the day before one of the holidays. Employees shall be limited to a total of one holiday either before or after the holidays designated above and it is understood that final determination as to which holiday is allowed shall be made by management. In 2009 and 2010 only employees shall be allowed two holidays to use on the holidays designated above.

SECTION 41. LAYOFF PREVENTION PLAN

The City agrees that it will not layoff any Unit employees due to lack of funds during the term of this agreement.

Except as provided herein, the Memorandum of Understanding and Supplemental MOU between the City and Service Employees International Union, Local 620, SEIU remains in full force and effect. This supplemental Memorandum of Understanding shall be incorporated into the Memorandum of Understanding between the City and Association for the contract period beginning July 1, 2011.

FOR THE CITY OF EL PASO DE ROBLES

SERVICE EMPLOYEES INTERNA-
TIONAL UNION, LOCAL 620, SEIU

 9-28-09