



- **Board of Directors**
Organization and Personnel Committee

5/11/2010 Board Meeting

8-12

Subject

Approve entering into 18-month (July 1, 2009 – December 31, 2010) Memoranda of Understanding between The Metropolitan Water District of Southern California and AFSCME, Local 1902; the Management and Professional Employees' Association; and the Association of Confidential Employees

[Conference with labor negotiators; to be heard in closed session pursuant to Gov. Code Section 54957.6. Agency representative: Gilbert Ivey. Employee organizations: The Employees Association of The Metropolitan Water District of Southern California/AFSCME Local 1902; the Management and Professional Employees Association MAPA/AFSCME Chapter 1001; the Association of Confidential Employees; and the Supervisors Association]

Description

As economic conditions in recent years have grown increasingly more challenging and Metropolitan has faced a historic ecosystem and water system crisis in the Sacramento-San Joaquin Delta, containing Metropolitan's discretionary costs has been a critical tool in mitigating necessary rate increases. Delta supplies via the State Water Project as well as supplies from the Colorado River come with certain unavoidable costs, along with the debt service for capital projects to maintain Metropolitan's water system and improve water quality. Metropolitan has reduced its full-time labor force by nearly 6 percent over the past four years while continuing to provide high-quality water supplies to its 5,200-square-mile service area.

Metropolitan's proposed 2010/11 expenditure budget, including capital, is \$154 million less than the 2009/10 budget and \$224 million less than the 2008/09 budget. This will be the third year in a row that the departmental budget has been reduced. As directed by the Board, this has been accomplished by managing discretionary costs and phasing needed capital expenses over time.

Amid this backdrop of unprecedented water supply and global economic challenges, Metropolitan has been engaged in Memoranda of Understanding (MOUs) negotiations with its four bargaining units. AFSCME, Local 1902 (AFSCME), the Management and Professional Employees' Association (MAPA), and the Association of Confidential Employees (ACE) collectively represent 1,770 employees, which is approximately 95 percent of Metropolitan's workforce. A fourth bargaining unit, the Supervisors Association, accounts for 97 employees. The current MOUs for AFSCME, MAPA and ACE expired on June 30, 2009, and employees in these bargaining units have been working without a contract since that time. The MOU with the Supervisors Association expired on December 31, 2009.

On March 9, 2010, the Board authorized negotiating parameters for short-term, 18-month MOUs, with a single general salary increase of 2 percent for the AFSCME, MAPA and ACE units, retroactive to January 1, 2010, provided that this increase is cost neutral to Metropolitan. All other terms and conditions of the previous MOUs were to remain as they currently exist. The Supervisors Association would not receive any increase as they received a 2 percent increase effective July 1, 2009 under their previous agreement that the other units did not receive.

On May 5, 2010, the negotiating teams for Metropolitan and the three affected bargaining units reached tentative agreements consistent with the Board's parameters. If approved by the Board, the MOUs would be effective

July 1, 2009, with the salary increase effective January 1, 2010. The limited retroactivity for a general increase was based on the fact that there was no inflation in July 2009, but since January 1, 2010 the regional inflation rate has been approximately 2 percent.

Providing this increase to the other three bargaining units will bring them in line with the Supervisors Association and resolve issues of internal equity. These proposed MOUs would expire on December 31, 2010. The tentative agreements have been signed by the General Manager and the bargaining unit Presidents. If approved by the Board, the tentative agreements shall be presented to the bargaining units' memberships for ratification, and upon ratification, the new MOUs will be in place.

The cost of the 2 percent general salary increase for AFSCME, MAPA and ACE is \$4.5 million, which includes benefits. This cost to Metropolitan will be completely offset by the elimination of 32 current, vacant, funded positions, thus fulfilling the Board's direction of cost neutrality. The elimination of these 32 positions is in addition to staff's recommendation in the 2010/11 proposed budget to eliminate 63 vacant positions in FY 2010/11. This will bring the total of eliminated positions in Metropolitan's 2010/11 budget to 95 positions.

Upon adoption of these 18-month MOUs, the parties will immediately commence negotiations on long-term agreements, continuing to utilize the Interest-Based Bargaining process. Consistent with the overall direction of the Board, the parties have committed to address long-term cost containment measures as part of these negotiations.

Policy

Metropolitan Water District Administrative Code Section 6101(k) and (l). As a result of negotiations, as defined in Section 6101(l), the General Manager is authorized with board approval to enter into successor MOUs with AFSCME, MAPA and ACE, per Section 6101(k).

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project which may result in potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines).

The CEQA determination is: Determine that the proposed action is not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination and authorize the General Manager to enter into successor MOUs with AFSCME, MAPA and ACE, consistent with the terms of the tentative agreements and the parameters authorized by the Board on March 9, 2010.

Fiscal Impact: The entire cost of a 2 percent salary increase for AFSCME, MAPA and ACE employees is \$4.5 million. This entire cost is offset by the immediate elimination of 32 positions resulting in no impact to the 2010/11 budget and Metropolitan's rates.

Option #2

Do not authorize. Direct staff to continue negotiations with AFSCME, MAPA and ACE.

Staff Recommendation

Option #1



Fidencio M. Mares
Director of Human Resources

5/4/2010
Date



Jeffrey Rightlinger
General Manager

5/4/2010
Date

Ref# hr12605980