



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

10/12/2010 Board Meeting

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**8-5**

**Subject**

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Approve entering into five-year Memorandum of Understanding between The Metropolitan Water District of Southern California and the Association of Confidential Employees

**Description**

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The Association of Confidential Employees (ACE) represents 105 employees, most of whom are assigned to the Human Resources Group, the Legal Department, the Office of the Chief Financial Officer, the Executive Offices, and the Corporate Resources Group. The current Memorandum of Understanding (MOU) for ACE expires on December 31, 2010.

On September 13, 2010, the Organization and Personnel Committee authorized parameters for a successor five-year (January 1, 2011 – December 31, 2015) MOU with an option for the parties to extend the term beyond five years if mutually agreed. On September 15, 2010, the parties reached a tentative agreement consistent with the Organization and Personnel Committee parameters.

There are no salary or benefit increases directly associated with this MOU. Rather, ACE will continue its “Favored Nations” provision, which allows it to select its salary and benefit increases from among those negotiated by the other bargaining units.

Additionally, in the new five-year MOU, the “Favored Nations” provision shall be revised so that ACE would also be required to participate in *reductions* to salaries and/or benefits, if the other bargaining units negotiate such reductions.

The only other economic provision of the new MOU is that the current Pay-for-Performance plan will be eliminated. Currently, each ACE employee is eligible for an annual lump sum bonus payment equal to approximately 3 percent of salary, based on performance. In FY 2010/11, payments made under the Pay-for-Performance plan amounted to \$353,323.

Elimination of the Pay-for-Performance plan is estimated to save \$1.8 million over the five-year term of the MOU. Potential cost increases associated with salary and/or benefit increases will depend upon negotiations with the other bargaining units, and cannot be determined at this time.

**Policy**

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

**California Environmental Quality Act (CEQA)**

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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**

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**Option #1**

Adopt the CEQA determination and authorize the General Manager under Administrative Code Sections 6101(m) and (n) to enter into a successor MOU with ACE.

**Fiscal Impact:** Savings of approximately \$1.8 million over the term of the five-year agreement, as a result of eliminating the Pay-for-Performance plan. Costs associated with increases to salaries and/or benefits will depend upon the outcome of negotiations with the other bargaining units, but could negate the \$1.8 million savings.

**Option #2**

Do not authorize entering into a successor MOU with ACE and direct staff to continue negotiations with ACE.

**Staff Recommendation**

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Option #1

	9/29/2010
_____ Fidencio M. Mares Director of Human Resources	Date

	9/29/2010
_____ Jeffrey Knightlinger General Manager	Date