



● **Board of Directors**

9/27/2011 Special Board Meeting

10-2

Subject

Approval to enter into 2011-16 Memoranda of Understanding between The Metropolitan Water District of Southern California and AFSCME, Local 1902 and the Management and Professional Employees' Association, Local 1001

Description

AFSCME represents 1,269 employees, representing a wide array of rank-and-file classifications, from skilled trades in the Water System Operations Group, to professionals and administrative support staff in nearly every Group throughout Metropolitan. The Management and Professional Employees' Association (MAPA) represents 291 managerial and senior professional staff, including Section Managers, Unit Managers, and Team Managers throughout Metropolitan. The current Memorandum of Understanding (MOU) for both AFSCME and MAPA expired on December 31, 2010.

On April 26, 2011, the Board authorized negotiation parameters. After several months of intensive negotiations, on September 16, 2011, Metropolitan reached tentative agreements with AFSCME and MAPA consistent with the Board parameters. The new MOUs commence retroactive to January 1, 2011, and shall run through December 31, 2016. They achieve important structural changes that will reduce Metropolitan's long-term liabilities, and provide employees with some monetary incentives. **Attachment 1** summarizes the key terms.

The structural changes include new employees, beginning on January 1, 2012, paying the full 7 percent employee contribution to CalPERS, a contribution currently paid by Metropolitan. Also on this date, Metropolitan will implement the longer vesting schedule for retiree medical benefits, which shall apply to all new employees. Metropolitan's medical contribution will be reduced on January 1, 2012, from 90 percent of the PERS Care premium (i.e., the most costly CalPERS medical plan), to 100 percent of either the PERS Choice or HMO premiums, whichever is higher. This will apply both to existing employees, and to employees retiring after January 1, 2012. Finally, a 2% @60 CalPERS retirement formula may be implemented for new hires at Metropolitan's discretion.

Although the agreements commence retroactive to January 1, 2011, there will be no salary increases in 2011. The first salary increase of any kind will be a lump sum payment of \$6,000 per employee on April 1, 2012, which shall not be considered compensable earnings for the purpose of calculating retirement benefits. Nor shall the lump sum payment be considered as part of base pay for purposes of calculating overtime or premium payments.

The first across-the-board base salary increase will be a 0.25 percent increase on July 1, 2013. Also on this date, two additional salary grades will be added to the salary ranges of each classification. Employees will then be eligible for a merit increase, based on their performance evaluation, of either one or two steps (a step equals approximately 2.75 percent). On July 1, 2014, there will be another across-the-board salary increase of 0.25 percent, as well as another opportunity for a merit increase based on performance, for any employees not yet at the top of their salary range.

In 2015 and 2016 respectively, salary increases will be determined through re-opener negotiations. If in either year, negotiations do not result in an agreement, a salary increase shall be limited to 50 percent of the average increase to the Consumer Price Index over the three previous years.

There will also be an increase to the annual maximum dental benefit from \$2,000 to \$2,500; a change in dependent coverage from age 23 to age 26 for dental and vision insurance; an increase in Tuition Reimbursement from 85 percent to 100 percent of eligible expenses with the same annual maximum of \$9,000; and an increase in MAPA’s Professional Development and Productivity Enhancement reimbursement from \$525/year to \$600/year.

Policy

Metropolitan Water District Administrative Code Sections 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 a successor MOU with AFSCME and MAPA, 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

Authorize the General Manager to exercise discretion under Administrative Code Sections 6101(k) and (l) to enter into a successor MOU with AFSCME and MAPA.

Fiscal Impact: Total cost over the term of the MOU will be approximately \$44 million. This will represent an average annual incremental year-to-year increase in labor costs of 1.1 percent.

Option #2

Do not authorize; direct staff to continue negotiations with AFSCME and MAPA.

Staff Recommendation

Option #1



Fidencio M. Mares
Director of Human Resources

9/26/2011
Date



Jeffrey Kightlinger
General Manager

9/26/2011
Date

Attachment 1 – Summary of Key Terms

Summary of Key Terms

Key Terms	Effective Date
Six-Year Term	1/1/11 to 12/31/16
New Hires contribute 7% to PERS	1/1/12
Longer Vesting for New Hires for Retiree Medical	1/1/12
District's medical contribution reduced to 100% PERS Choice/HMO	1/1/12
2%@60 for New Hires	At Board's Discretion
\$6,000 non-PERS, one-time payment per employee	4/1/12
Classifications moved up 2 salary grades	7/1/13
0.25% salary increase + opportunity for merit-based increase	7/1/13 & 7/1/14
Salary Re-openers (negotiated or 50% of 3-year average increases to CPI)	7/1/15 & 7/1/16
Additional 0.75% 401(k) Match, when 2%@60 implemented	If/when 2%@60 implemented