



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

September 13, 2011 Board Meeting

8-7

Subject

Approval to enter into 2011-16 Memorandum of Understanding between The Metropolitan Water District of Southern California and the Supervisors Association

Description

The Association represents 100 employees, consisting primarily of field supervisors, concentrated in the Water System Operations Group, and Business Systems & Information Technology Groups. The current Memorandum of Understanding (MOU) for the Association expired on December 31, 2009.

On April 26, 2011, the Board authorized parameters for a multi-year successor MOU. On August 26, 2011, the District and the Association reached a tentative agreement consistent with board parameters. The new MOU will commence upon board adoption, and shall run through December 31, 2016. The tentative agreement achieves structural changes that will reduce the District's long-term liabilities, while providing employees with some monetary incentives. [Attachment 1](#) summarizes the key settlement terms.

There will be no salary increases in 2011, nor any retroactive increases to cover the time period in which the Association was without a successor agreement (January 1, 2010 to the present). Beginning January 1, 2012, new employees will be required to pay the full 7 percent employee contribution to CalPERS, a contribution that the District currently makes on behalf of its employees. Also on this date, the District will implement the Longer Vesting Schedule for Retiree Medical Benefits, which shall apply to all new employees. Finally, the District'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 larger. This will apply both to existing employees, and to employees retiring after January 1, 2012.

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 agreement, a salary increase shall be provided based upon 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 the Professional Development and Productivity Enhancement reimbursement from \$525/year to \$600/year. In

addition to these economic points, a 2% @60 CalPERS retirement formula will be implemented for new hires, if it is implemented for the new hires of the other bargaining units.

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 the Association, 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 the Supervisors Association.

Fiscal Impact: Total cost over the term of the MOU will be approximately \$3.1 million. This will represent an average annual incremental year-to-year increase in labor costs of 1.38 percent.

Option #2

Do not authorize; direct staff to continue negotiations with the Association.

Staff Recommendation

Option #1

	9/13/2011
_____ Fidencio M. Marés Director of Human Resources	Date

	9/13/2011
_____ Jeffrey Kighlinger General Manager	Date

Attachment 1 – Summary of Key Settlement Terms

Summary of Key Provisions

Key Provisions	Effective Date
Multi-Year Term	1/1/2012 to 12/31/16
New Hires contribute 7% to PERS	1/1/12
Longer Vesting (20 years) for New Hires for Retiree Medical	1/1/12
District's health care contribution reduced to 100% PERS Choice/HMO	1/1/12
2%@60 for New Hires	If implemented for all Bargaining Units

Summary of Key Provisions

Key Provisions	Effective Date
\$6,000 non-PERS, one-time payment per employee	4/1/12
Classifications moved up 2 salary grades	4/1/12
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, if 2%@60 implemented	If 2%@60 implemented