



STAFF REPORT TO THE CITY COUNCIL

DATE: Regular Meeting of November 13, 2018

TO: Members of the City Council

SUBMITTED BY: David Biggs, City Manager
Lori Martin, Director of Administrative Services

SUBJECT: Approve Memorandum of Understanding with the Hercules Police Officers Association

RECOMMENDED ACTION: Adopt a Resolution Approving a Memorandum of Understanding with the Hercules Police Officers Association.

COMMISSION/SUBCOMMITTEE ACTION AND RECOMMENDATION: Not Applicable

FISCAL IMPACT OF RECOMMENDATION: Approval of this new labor related item will result in costs, both on-going and one time in nature. The on-going costs for the employees covered through these approvals will be \$156,119, including the net savings from the employee pick-up of the 3% of the employer CalPERS costs. The one-time costs will be \$47,861.

The adopted FY 2018/19 Budget provides an amount for both on-going and one-time costs as outlined in Decision Package 19-3 and the total cost for all 2018/19 labor agreements will exceed these amounts. However, there will be cost savings from lower than budgeted health care costs which became known after the adoption of the budget due to a decline in Kaiser rates as follows:

	Calendar Year 2018	Calendar Year 2019
Employee Only	\$779.86	\$768.25
Employee & 1 Dependent	\$1,559.72	\$1,536.50
Employee & 2+ Dependents	\$2,027.64	\$1,997.45

As anticipated in the budget, any costs above those funds available with the adopted budget will be funded from available fund balance or the increased Fiscal Neutrality Reserve.

DISCUSSION: Existing Memorandums of Understanding (MOU) and agreements with employees have terms which ended June 30, 2018. The City has been engaged in the meet and confer process as required by law with the represented employees and in a consultation process with non-represented employees. The City Council has been providing the City's labor negotiator with direction in closed

sessions over the past few months. On October 23, 2018, the City Council approved new Pay Plans for the unrepresented employees and new Memorandums of Understanding with full-time and part-time Teamsters.

For many years, as with other City employees, the members of the Hercules POA have been in an on-going concessionary wage and benefits status, with the last of those concessions eliminated in 2017. The changes to the Memorandum of Understanding for the Hercules POA for the 2018/19 term provides for the following changes:

Group	Summary of Terms
Hercules POA	<ul style="list-style-type: none">• MOU Term to June 30, 2019• 6.5 % COLA effective October 21, 2018• One-time 2.5% non-PERSable retention payment with employees able to elect to direct payment to deferred comp.• Employees to pay 3% of the Employer CalPERS contribution offset by an additional 2% wage increase effective upon implementation.• A one-time payment of an additional of 3.4% for safety employees in-lieu of retroactivity to July 1, 2018.• The Sergeant assigned as Training Sergeant shall be paid 5% assignment pay.

The parties did identify an unresolved issue in the existing MOU regarding health care contributions. In the event of a change in health care rates under an expired MOU with no successor MOU in place, the POA does not agree with the City's position that upon the expiration of the proposed MOU and until a new MOU is in effect, the City would only be required to pay the rates specified under the expired MOU. That has not been addressed in the proposed MOU, as the earliest possibility for that to occur would be January 2020 and it is anticipated that the matter will be clarified in a 2019/20 Memorandum of Understanding mutually approved before that date.

ATTACHMENTS:

1. Resolution
2. Memorandum of Understanding with Hercules POA

Financial Impact

Description:

Funding Source:

Budget Recap:

Total Estimated cost:	\$	New Revenue:	\$
Amount Budgeted:	\$	Lost Revenue:	\$
New funding required:	\$	New Personnel:	\$
Council Policy Change:	Yes <input type="checkbox"/> No <input type="checkbox"/>		