



# City of Chula Vista

## Staff Report

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**File#:** 17-0536, **Item#:** 2.

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A. RESOLUTION NO. 2017-230 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING A MEMORANDUM OF UNDERSTANDING ("MOU") BETWEEN THE ASSOCIATION OF CHULA VISTA EMPLOYEES RELATED TO COMPENSATION AND OTHER TERMS AND CONDITIONS OF EMPLOYMENT; AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE AFOREMENTIONED MOU AND ANY ADDITIONAL DOCUMENTS WHICH MAY BE NECESSARY OR REQUIRED TO IMPLEMENT SAID MOU

B. RESOLUTION NO. 2017-231 OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING THE AMENDED COMPENSATION SUMMARY FOR UNREPRESENTED EMPLOYEES INCLUDING AUTHORIZATION FOR THE MAYOR TO EXECUTE ANY NECESSARY DOCUMENTS TO IMPLEMENT SAID AMENDED COMPENSATION SUMMARY

### **RECOMMENDED ACTION**

Council adopt the resolutions.

### **SUMMARY**

The Memorandum of Understanding (MOU) between the City of Chula Vista and the Association of Chula Vista Employees (ACE), expired June 30, 2017. During the past several months, negotiating teams representing ACE and the City have worked collaboratively toward the development of a mutually beneficial MOU. Agreement was reached on the term of the MOU, salary adjustments and the reduction and elimination of taxable cash options in lieu of health benefits dependent on hire date.

### **ENVIRONMENTAL REVIEW**

#### **Environmental Notice**

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

#### **Environmental Determination**

The Director of Development Services has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it is a personnel related action; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is required.

### **BOARD/COMMISSION RECOMMENDATION**

NA

## **DISCUSSION**

The Memorandum of Understanding (MOU) between the City of Chula Vista and the Association of Chula Vista Employees (ACE), expired June 30, 2017. During the past several months, negotiating teams representing ACE and the City have worked collaboratively toward the development a mutually beneficial MOU.

The City and ACE bargaining unit have met and conferred in good faith, as required by the Meyers-Milias-Brown Act (Govt. Code Section 3500 et. seq.; "MMBA") and reached the agreement on terms of a successor MOU, including updating MOU language to reflect ACE as the bargaining unit, the MOU term (to expire June 30, 2020), salary adjustments, "normal cost" pension sharing, and the reduction and elimination of taxable cash options in lieu of health benefits dependent on hire date. Below is a summary of the agreement reached:

1. Term and Effect: December 12, 2017 to June 30, 2020
2. Salary Adjustments:
  - 2% effective the beginning of the pay period following ratification by ACE and approval by City Council of the MOU via resolution in open session.
  - 2% in the first full pay period of July, 2018.
  - 2% in the first full pay period of July, 2019.
3. Retirement: Employees in Tier 1 or 2 CalPERS pension program will contribute up to an additional 1% towards pension cost sharing, in up to 1% per year increments until equal cost sharing is reached. The actual percentage will be based on the City's actuarial determination. Once 50% cost sharing is reached it will be maintained.
4. Cafeteria Benefits
  - No taxable cash option for employees hired on or after January 1, 2018.
  - Maximum cash out for current employees reduced to \$9,100 with the amount in future years not to exceed the cash out of the previous year.

The proposed salary and benefit enhancements were ratified by a majority of the ACE membership on December 6, 2017.

### Unrepresented Confidential Employees

The City workforce consists of both represented and unrepresented employees. It has long been a practice of the City (with few exceptions) to update the compensation and benefit summary for unrepresented employees (the same or similar benefit provided to represented employees) after the ratification of the respective represented bargaining units' MOU. The affected unrepresented employees are in the Confidential employee group.

Salary and benefit adjustments for these unrepresented employees with a represented counterpart

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(referenced in attachment 3 of the Amended Compensation Summary for Unrepresented Employees) are the following:

- Salary Adjustments for Unrepresented Confidential Employees:
  - 2% effective December 22, 2017.
  - 2% in the first full pay period of July, 2018.
  - 2% in the first full pay period of July, 2019.
- Retirement: Employees in Tier 1 or 2 CalPERS pension program will contribute up to an additional 1% towards pension cost sharing, in up to 1% per year increments until equal cost sharing is reached. The actual percentage will be based on the City's Actuary's determination. Once 50% cost sharing is reached it will be maintained.
- Cafeteria Benefits
  - No taxable cash option for employees hired on or after January 1, 2018.
  - Maximum cash out for current employees reduced to \$9,100 with the amount in future years not to exceed the cash out of the previous year.

**DECISION-MAKER CONFLICT**

Staff has reviewed the decision contemplated by this action and has determined that it is not site specific and consequently, the 500-foot rule found in California Code of Regulations section 18704.2 (a)(1), is not applicable to this decision. Staff is not independently aware, and has not been informed by any Council name] member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

**LINK TO STRATEGIC GOALS**

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. These changes support City Initiative 1.2.3 Retain and attract quality employees under the Operational Excellence goal. Employee compensation is instrumental to recruiting and retaining quality employees.

**CURRENT YEAR FISCAL IMPACT**

The proposed MOU changes for ACE represented and CONF employees would increase the City's annual ongoing operating costs in fiscal year 2018 by an estimated net \$479,306 and \$39,235 respectively. These amounts are broken out between the funds as follows:

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ACE		
FUND		FY2018 IMPACT
General Fund	\$	377,458
Federal Grants Fund	\$	2,358
Environmental Services Fund	\$	7,816
Central Garage Fund	\$	10,098
Development Services Fund	\$	35,806
Sewer Service Revenue Fund	\$	45,771
TOTAL ALL FUNDS	\$	479,306

CONFIDENTIAL		
FUND		FY2018 IMPACT
General Fund	\$	25,003
Federal Grants Fund	\$	14,233
TOTAL ALL FUNDS	\$	39,235

During the budget development process, staff included a projected 2% wage inflation which is reflected in the final fiscal year 2018 adopted budget. Therefore, there is no anticipated budget impact related to the fiscal year 2018 salary increases.

Other changes, including the additional PERS employee contribution, increase boot allowance, increase in vacation-in-lieu, position equity adjustment, and the one-time stipend were not included in the fiscal year 2018 budget. These changes net to approximately \$190,709 for ACE and \$18,688 for Confidential. Staff is not requesting an appropriation at this time and will return to Council with a budget adjustment during the fiscal year, should one be required.

### ONGOING FISCAL IMPACT

The proposed salary changes for ACE represented and CONF employees would increase the City's annual ongoing operating costs in fiscal year 2019 and fiscal year 2020 and this is detailed in the following tables. The bulk of ongoing operating costs is anticipated to be a General Fund Impact.

ACE- Estimated Fiscal Year Impact in Comparison to FY2018 Baseline					
FUND		FY2018		FY2019	FY2020
General Fund	\$	377,458	\$	741,626	\$ 1,241,355
Federal Grants Fund	\$	2,358	\$	4,554	\$ 8,140
Environmental Services Fund	\$	7,816	\$	15,278	\$ 26,040
Central Garage Fund	\$	10,098	\$	21,835	\$ 35,512
Development Services Fund	\$	35,806	\$	73,647	\$ 120,175
Sewer Service Revenue Fund	\$	45,771	\$	87,149	\$ 150,413
TOTAL ALL FUNDS	\$	479,306	\$	944,089	\$ 1,581,634

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CONFIDENTIAL - Estimated Fiscal Year Impact in Comparison to FY2018 Baseline					
FUND		FY2018		FY2019	FY2020
General Fund	\$	25,003	\$	44,047	\$ 74,729
Federal Grants Fund	\$	14,233	\$	30,724	\$ 48,981
TOTAL ALL FUNDS	\$	39,235	\$	74,771	\$ 123,710

The fiscal impacts related to the proposed MOU changes scheduled for fiscal years 2019 and 2020 will be incorporated into the budgets for those fiscal years.

## ATTACHMENTS

- (1) Memorandum of Understanding (MOU) between the City of Chula Vista and the Association of Chula Vista Employees (ACE), December 12, 2017 - June 30, 2020
- (2) Amended Compensation Summary for Unrepresented Employees

*Staff Contact: Courtney Chase*