



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Adopt Memorandum of Understanding between the City of Sunnyvale and the Service Employees International Union, Local 521 (SEIU) 2014-2017 and the corresponding Resolution to Amend the City's Salary Resolution and the Resolution for Paying and Reporting the Value of Employer Paid Member Contributions

BACKGROUND

A Tentative Agreement has been reached between the City of Sunnyvale (City) and the Service Employees International Union, Local 521 (SEIU) on a successor Memorandum of Understanding (MOU). SEIU represents part-time employees primarily in the Library and Community Services Department. This report recommends adoption of the provisions of the 2014-2017 MOU. This agreement, if approved by the City Council, will be July 1, 2014 through and including June 30, 2017.

The MOU between the City and SEIU expired on June 30, 2014. Negotiators for the City and SEIU began the meet and confer process in April 2014 and met eight times in an effort to reach an agreement. A Tentative Agreement was reached on July 23, 2014, and the City has been notified that the SEIU membership ratified this agreement on July 30, 2014.

EXISTING POLICY

Council Policy 7.3.1 Legislative Management - Goals and Policies, Goal 7.3D: Maintain a quality work force, Consistent with state and federal laws, City Charter, and adopted policies in order to assure that City services are provided in an effective, efficient, and high quality manner.

ENVIRONMENTAL REVIEW

N/A

DISCUSSION

The significant provisions of the proposed amendments are as follows:

Wages

Salary adjustments during the term of the agreement:

- Effective the first full pay period following membership ratification and City Council approval: a salary increase consistent with the increase agreed to by the Sunnyvale Employees Association (SEA) for Fiscal Year 2014/2015.
- Fiscal Year 2015/2016, effective the same pay period as any across-the-board salary adjustment as SEA, employees represented by SEIU will receive the same adjustment as SEA.

- Fiscal Year 2016/2017, effective the same pay period as any across-the-board salary adjustment as SEA, employees represented by SEIU will receive the same adjustment as SEA.

During negotiations, SEIU expressed a desire to match salary adjustments for classifications represented by SEIU to salary adjustments for classifications represented by SEA. This is due to the fact that SEIU represents part-time employees who work in the same classifications as full-time employees whose classifications are represented by SEA. The matching of salary adjustments maintains the existing wage parity between part-time and full-time employees in the same classification.

Retirement

Tier 1 and Tier 2

During the term of this agreement, the City agrees to contribute to CalPERS on behalf of employees represented by SEIU at the same percentage as employees represented by SEA through the term of this MOU.

Insurance

Dental Insurance

Effective January 1, 2015, the Delta Dental PPO plan will offer the same benefits coverage as what is offered to employees represented by SEA.

Life/AD&D and Long Term Disability Insurance

Effective January 1, 2015, the City shall provide Life and Accidental Death and Dismemberment (Life/AD&D) insurance for each employee in an amount equal to the employee's hourly rate multiplied by 1,560 hours. Such insurance shall be at no cost to the employee, except that, insurance amounts above \$50,000 provided by the City shall be subject to tax law provisions. An employee may purchase additional Life/AD&D insurance in an amount equal to the coverage provided by the City, up to a combined maximum coverage of \$80,000.

Paid Leave

For employees with 18,501 hours of City service or more, a new accrual tier was created enabling employees to accrue paid leave at a rate of .142 hours per hour worked. This is an increase from .122 hours per hour worked.

For employees with 28,501 hours of City service or more, a new accrual tier was created enabling employees to accrue paid leave at a rate of .150 hours per hour worked. This is an increase from .122 hours per hour worked.

The paid leave accrual cap has been increased from 300 to 440 hours.

Minor Changes and Updates to MOU for Clarification

The MOU contains several minor changes and language clarifications.

Salary Resolution

Any provisions of the Salary Resolution that will be affected by the adoption of the 2014-2017 MOU will be updated, including the salary table.

FISCAL IMPACT

The FY 2014/15 Adopted Budget includes a 2 percent salary increase. This MOU increases salaries for SEIU employees by 3 percent in the first year, and then links them with SEA for the term of the MOU. The additional 1 percent increase is approximately \$20,000 more than included in the FY 2014/15 Adopted Budget and can be absorbed by the various operating program budgets that these employees work in. This increase does increase the base salary cost for the unit. With current budget assumptions going forward, this adds approximately \$500,000 to the twenty-year plan.

This MOU increases the employees' contribution for retirement costs by 1 percent, from 3 percent to 4 percent, consistent with what is assumed in the FY 2014/15 Adopted Budget.

The cost impact of the additional PTO accruals will vary on actual hours worked. Currently, 16 employees in this unit qualify for the new accrual rate. It is anticipated that the additional accrual will add between \$8,000 and \$10,000 per year in cost. Under current assumptions, this will add approximately \$250,000 over the twenty-year plan.

The cost for the addition of life insurance and additional dental coverage will not significantly affect premiums and can be absorbed in the current budget.

Establishing a link to SEA for salary and pension contribution changes will have an unknown budgetary effect. To the extent that negotiations on the next SEA MOU result in changes that deviate from the budget, there would be an additional fiscal impact from the corresponding changes made to the SEIU compensation package.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

ALTERNATIVES

1. Adopt the Memorandum of Understanding between the City of Sunnyvale and the Service Employees International Union, Local 521, presented as Attachment 3, and the corresponding Resolution amending the City's Salary Resolution, presented as Attachment 4, and the Resolution for Paying and Reporting the Value of Employer Paid Member Contributions, presented as Attachment 5.
2. Do not adopt the Memorandum of Understanding between the City of Sunnyvale and the Service Employees International Union, Local 521 and the corresponding Resolutions.

STAFF RECOMMENDATION

Alternative 1: Adopt the Memorandum of Understanding between the City of Sunnyvale and the Service Employees International Union, Local 521, presented as Attachment 3, and the corresponding Resolution amending the City's Salary Resolution, presented as Attachment 4, and the Resolution for Paying and Reporting the Value of Employer Paid Member Contributions, presented as Attachment 5.

Prepared by: Allison Suggs, Human Resources Manager

Reviewed by: Teri Silva, Director of Human Resources
Reviewed by: Timothy J. Kirby, Assistant Director of Finance
Reviewed by: Robert A. Walker, Assistant City Manager
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Tentative Agreement between the City of Sunnyvale and the Service Employees International Union, Local 521
2. 2014-2017 MOU with Track Changes
3. 2014-2017 MOU
4. Resolution Amending Resolution No. 190-05, the City's Salary Resolution, by Amending the Schedule of Pay for Pay Plan Category L (SEIU)
5. Resolution for Paying and Reporting the Value of Employer Paid Member Contributions