



CITY OF POMONA COUNCIL REPORT

April 23, 2018

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted by: Linda Matthews, Human Resources/Risk Management Director

Subject: **Adoption of Resolutions Approving a Memorandum of Understanding Between the City of Pomona and the Pomona City Employees' Association (PCEA/Teamsters) for the period of July 1, 2017 through September 30, 2019 and Amending the Fiscal Year 2017/18 Operating Budget.**

OVERVIEW

Recommendations - That the City Council adopt the attached resolutions:

1. Approving the Memorandum of Understanding between the City of Pomona and the Pomona City Employees' Association for the period of July 1, 2017 through September 30, 2019; and
2. Amending the Fiscal Year (FY) 2017-2018 Adopted Operating Budget by appropriating \$442,132 from the General Fund Fund Balance and \$490,047 from Non-General Fund Fund Balances as presented in Exhibit A.

Fiscal Impact- The estimated cost of this agreement for FY 2017/18 is \$932,179 for all funds, of which \$442,132 is from the General Fund. A significant portion of this cost is from one-time payments of \$615,440. Necessary budget amendments for FY 2017/18 for all funds are included in the attached budget resolution. The cost for General Fund operations will be taken from the General Fund Fund Balance. Costs for FY 2018/19 will be included in the FY 2018/19 Operating Budget. The estimated cost for FY 2018/19 is \$1,009,966 for all funds, of which \$477,048 is from the General Fund.

Previous Council Action – None

EXECUTIVE SUMMARY

The Pomona City Employees Chapter of the San Bernardino Public Employees' Association represented by Teamsters Local 1932 (PCEA/Teamsters) includes more than 250 City employees in a variety of classifications. The previous Memorandum of Understanding (MOU) with PCEA/Teamsters ended on June 30, 2016. Approval of the proposed resolution will result in a successor MOU, which will be in effect from July 1, 2017 through September 30, 2019. The agreement includes the following economic terms: salary increases of 2% effective October 2017 and October 2018; one-time payments each fiscal year of the agreement of \$2,400 for employees

with two-party or family health insurance coverage and \$2,000 for employees with single coverage or who waive health insurance; the addition of an IRS Section 125 Benefit Plan Contribution of \$25 per month effective June 2018; and salary adjustments for the classifications of Police Officer Recruit and Police Officer Recruit Trainee. In addition, minor language changes which do not have economic impacts have been added to the MOU.

DISCUSSION

City representatives and representatives of the PCEA/Teamsters have met and conferred to negotiate a successor MOU. On March 21, 2018, a Tentative Agreement was reached between the parties and the terms were ratified by PCEA/Teamsters members on April 3, 2018. The key economic provisions in the agreement are listed below.

Provision	Negotiated Change
Term	July 1, 2017 to September 30, 2019 (2 years and 3 months)
Salary	October 1, 2017 – 2% increase (retroactive) October 1, 2018 – 2% increase
One-time Payments	FY 2017/18 - \$2,400 for two-party or family medical coverage and \$2,000 for waive or single medical coverage FY 2018/19 – same as FY 2017/18
Section 125 Contribution	First paycheck in June 2018 – Add the City contribution of \$25 per month to use toward health, dental, or vision premiums or take as taxable cash
Police Officer Recruit and Police Officer Recruit Trainee	July 8, 2018 - Increase the Salary Rate for Police Officer Recruit and Police Officer Recruit Trainee to \$5,425 and \$4,922 per month, respectively.

The agreement also includes minor language changes that do not have direct economic impacts. One such change identifies Police Recruit and Police Recruit Trainee as Trainee Assignments. Another language change acknowledges that the City is implementing a new payroll system and the parties may need to meet and confer regarding implementation issues related to the new system. Finally, a few dates have been updated and other non-substantive language modifications have been made.

This agreement balances the fiscal pressures facing the City as well as the need to provide a competitive compensation plan to ensure the City can recruit and retain qualified employees. Members of PCEA/Teamsters, along with all City employees, made significant concessions from 2009 through 2014 as a result of the Great Recession. Among other concessions, employees were on reduced work schedules ranging from 5% to 10% cut in hours and pay and began paying 7% in retirement contributions, which the City previously paid on their behalf. In the 2014-2016 MOU, the furloughs were eliminated. This unit received general salary increases totally 7% from 2014 through October 2016, which is essentially equivalent to the 7% increase in retirement contributions made by employees that was implemented during the recession.

The State minimum wage increased from \$10.50 in January 2017 to \$11 per hour in January 2018, and will rise to \$12 per hour in January 2019, a 14% increase over two years. The salary increases of 2% each year assist with general cost of living increases and will help minimize compaction issues from the rising minimum wage rates.

Employees in this unit have absorbed all of the increases in health premiums since 2005. Out-of-pocket costs for family medical coverage now range from \$351 to \$1,051 per month. The new Section 125 contribution of \$25 per month will offset a small fraction of the cost of medical, dental, and/or vision premiums. The one-time payments will provide additional compensation without committing to long-term on-going costs.

Attachment 1 includes the new MOU with all of the language changes. New language is underlined and old language is shown with a strikethrough. Attachment 2 includes the FY 2017/18 budget amendments associated with this action.

Attachments:

1. City Council Resolution approving a Memorandum of Understanding Between the City of Pomona and the Pomona City Employees' Association for the period of July 1, 2017 through September 30, 2019
Exhibit A – PCEA/Teamsters 2017-2019 Memorandum of Understanding
2. City Council Resolution amending the FY 2017/18 Operating Budget
**Exhibit A – FY 2017-18 General Fund and Non General Fund PCEA
MOU Impacts to Operating Budget**