

SRCEA./MANAGEMENT Interest Based Negotiations (IBN) 2004
Session Two - February 13, 2004

NOTE: THIS IS AN INFORMATION DISSEMINATION TOOL ONLY. THERE IS NO MECHANISM TO RESPOND THROUGH THIS MAILBOX. SRCEA MEMBERS AND AFFECTED MANAGERS ARE ENCOURAGED TO REFER QUESTIONS AND COMMENTS TO THEIR RESPECTIVE IBN REPRESENTATIVES.

ATTENDANCE:

Lorrie Abbott, Tony Alvernaz, Donna Crowley, Pam Edwards, Fran Elm, Colleen Ferguson, David Hanson, Bob Harder, Diane Lesko, Ricia Maxie, Sandy Mello, Bette Smith, and John Sorensen

CHECK IN - (an exercise that encourages participation by asking each meeting participant a series of questions)

PERS RETIREMENT BENEFITS

Members of the team reported that some employees still do not completely understand the compounding effect of paying for the 3% at 60 PERS retirement benefit. The group agreed to include a review of SRCEA's negotiated payment method in this communique.

Attached is a copy of Amendment #2 to SRCEA's contract for Unit 4. The language reads the same for Units 6 and 7. SRCEA members voted to ratify this amendment language on August 22, 2002. The City subsequently agreed in the Miscellaneous Coalition forum to decrease the original cost of the benefit from 8.9% to 8.02% of salary. The City purchased bonds to fund their obligation to PERS. That purchase resulted in a reduction of the cost of the benefit. Also, the original cost included paying the benefits for inactive employees. To date, legislation has not been passed to include inactive employees, and the City agreed that current employees would not be charged for the inactives which further reduced the cost of the benefit.

SRCEA agreed to spread the 8.02% cost of the 3% at 60 benefit over three years; 3.1% on July 1, 2002, another 2.45% on July 1, 2003, and an additional 2.47% due July 1, 2004. SRCEA agreed to apply any cost of living adjustments (COLAs) received from the City on July 1, 2002, July 1, 2003, July 1, 2004, and July 1, 2005 as necessary to cover the amount owed.

On July 1, 2002, SRCEA employees received a 4.1% COLA. The 3.1% owed to the City was subtracted from that COLA, and SRCEA salaries were increased by the remaining amount of 1.0%. This transaction resulted in SRCEA salaries that were **permanently** 3.1% lower than they would have been without the purchase of the retirement benefit.

Since SRCEA employees did not receive any COLA on July 1, 2003, the 2.45% owed to the City had to be paid by another method. The attached contract amendment specifies that in lieu of an immediate salary reduction, any payments that are not covered by a COLA can be made by a pre-tax **payroll deduction**. That **payroll deduction** will be ongoing until July 1, 2005 if SRCEA employees do not receive a COLA to permanently cover the 2.45% cost by that time. On July 1, 2005, any portion of the 2.45% still owed would then become a permanent salary

reduction. In the meantime, even though SRCEA take-home pay is 2.45% less, SRCEA employee salaries have not been permanently decreased by 2.45%. For the purposes of retirement, overtime, etc., SRCEA salaries still include the 2.45%.

On July 1, 2004, an **additional** 2.47% will be owed to the City. If SRCEA employees do not receive a COLA on July 1, 2004 that would cover the 2.45% already owed and this additional 2.47%, the balance owed would again be paid to the City by a pre-tax **payroll deduction**. SRCEA employee salaries will not be permanently decreased by the amount owed at this point. However, if the COLAs received on July 1, 2004 and July 1, 2005 do not total at least 4.92%, at that time any amount still owed for the retirement benefit will become a **permanent salary reduction**.

For example, if SRCEA employees receive no COLA on July 1, 2004 and a 4% COLA on July 1, 2005 the effect would be as follows:

	<u>July 1, 2002</u>	<u>July 1, 2003</u>	<u>July 1, 2004</u>	<u>July 1, 2005</u>
Payment Due:	3.1%	2.45%	2.47%	0
COLA Received:	4.1%	0	0	4.00%
Total Cost to Employee:				
Via Payroll Deduction	0	2.45%	4.92%	
Via Salary Reduction				0.92%

LIST OF CONTRACT ISSUES

The SRCEA and Management representatives met separately to develop the following contract issues to be discussed:

Benefits

- Refinance 3% at 60 Costs
- Vacation and Comp Time Buy-back
- ICMA 457 Loan/Refinance
- ICMA Retirement Health Savings Plan
- Maintenance of Benefits
- Cost of Health Care
- Tuition Reimbursement

Budget Crisis

- Layoff Procedure
- Part Time Opportunities/Job Sharing
- Mandatory Time Off/Furloughs in Lieu of Layoffs
- Contracting Out

Compensation

- COLA Formula
- COLA Increase
- Salary Studies
- Parity with other units

MOU Maintenance

- Incorporate Side Letters and Amendments
- Term of Agreement

Time Off

- Vacation Accrual
- 9/80 Work Schedule
- Time Savings Plan (TSP) Language
- Sick Leave Language
- Bereavement Leave Language
- Probationary Employee Vacation Approval
- Additional Floating holiday/Caesar Chavez Holiday
- Clean-up Language for Unit 7 Contract Sections 18.3.1 and 21.4 regarding Wastewater Lunch Period

Miscellaneous

- Contract Retroactivity
- Language regarding Promotional Opportunities

- Review of Retirement Health Stipend

The group reached a tentative agreement regarding the following three contract issues left on the table from last year's negotiations:

VACATION ACCRUAL

Vacation accrual would be increased as follows:

1-4 years	two weeks
5-11 years	three weeks
12-24 years	four weeks
25+ years	five weeks

SICK LEAVE LANGUAGE:

Contract language in Article 15 regarding *Sick Leave - Family Illness* would be modified to read:

Employees may use hours of accumulated sick leave for the serious illness of; 1) their spouse, qualified domestic partner, child, step-child, child of employee's domestic partner, parents and grandparents and; 2) with prior approval of the City Manager or his/her designee, to care for other members of the household or family.

BEREAVEMENT LEAVE LANGUAGE

Contract language in *Article 12 - Bereavement Leave* would be modified to include the parents and children of the employee's qualified domestic partner in the definition of the immediate family.

REPORT BACK - MANAGEMENT MEETINGS TO DISCUSS LAYOFF PROCEDURES

Fran reported that she met with an Executive Staff subcommittee to discuss the management perspective regarding layoff procedures. That group developed a list of their interests and some draft guidelines for handling layoffs that they would like to see implemented. Representatives from Human Resources have been attending departmental management meetings to ask for input regarding the proposed guidelines.

After receiving comments and feedback from managers, Fran will meet and confer with employee labor groups regarding these proposed layoff procedures. That discussion with SRCEA representatives will take place as part of these contract negotiations.

The agenda of the management meetings includes the following talking points. The City will not necessarily implement these proposed guidelines which could be modified based upon subsequent discussions with labor representatives.

Interests:

- Fair
- Consistent
- Flexible
- Least disruptive for employees
- Least disruptive for operations
- Room to be creative

Definition of Seniority

- Classification seniority used to determine who leaves the targeted job classification
- City seniority used to determine who leaves the City

Bumping

- To a previously held position

Flexibility in Placements

- If vacancy exists in another department, the targeted employee transfers directly

Flexibly Staffed Positions

- Displace the least senior in the series
- Place at the level of the least senior

- Department receiving the employee will assess skills and place at appropriate level
- That employee will then advance in accordance with criteria of job classification

Limited Term Positions

- Address each eliminated limited term position individually

NEXT AGENDA

The next IBN team meeting will be held on Friday, February 20th.

Check-in

Report Backs

Layoff Discussion

Calendar Discussion of Contract Issues

Communique

Check-out