

**MOORPARK CITY COUNCIL
AGENDA REPORT**

TO: Honorable City Council

FROM: Deborah S. Traffenstedt, Deputy City Manager ^{DST}

BY: Teri Davis, Senior Management Analyst 

DATE: November 25, 2014 (CC Regular Meeting of 12/3/14)

SUBJECT: Consider Amendment No. 1 to 2014-2015 Memorandum of Understanding (MOU) with Service Employees International Union (SEIU) CTW, CLC, Local 721

BACKGROUND AND DISCUSSION

The City's current MOU with SEIU, Local 721, expires on June 30, 2015. Amendment No. 1 (Amendment) to the current MOU is proposed and a draft is attached to this report. Staff met and conferred with Union representatives regarding the proposed Amendment and received initial email confirmation on October 27, 2014, that the Union concurs with the attached Amendment. The revisions to the MOU are described in the attached Amendment and show revised language through the use of legislative format. The revisions are pertinent to Section 606 Longevity Pay and are summarized below:

Section 606 Longevity Pay, has been revised in response to a recent direction received from the California Public Employees Retirement System (CalPERS) staff pertaining to longevity pay. The City's longevity pay benefit for Competitive Service employees has been in place since 2003, and such pay has been included in reportable special compensation to CalPERS for determining total compensation calculations for retirement. Recently, the City was informed by CalPERS staff that the longevity pay benefit language needed to be revised to remove the requirement for a commendable performance evaluation rating, and if this was not done, then CalPERS would reverse all longevity pay paid by the City out of the payroll system calculations. The most recent CalPERS Circular Letter No. 200-064-14, issued October 27, 2014, also addresses misreported longevity pay as follows:

“The most common misreporting of Longevity Pay is when agencies combine this item with other criteria, such as employee performance. Longevity Pay, as defined in CCR 571(a) should not specify additional requirements other than the length of service with an employer or the length of time worked in a specified job classification that exceeds a minimum period of five years. In cases where additional criteria is required by an agency, the item would not meet the definition of special compensation as outlined in CCR 571(a) and will be excluded when calculating retirement benefits.”

Longevity pay has been considered an incentive to retain long-term employees, with commendable performance. In order to comply with the most recent CalPERS interpretation for longevity pay, and permit this compensation to be included in the total compensation calculation for retirement, the performance standard must now be removed. Deleting the performance standard for longevity pay changes the intent of this benefit and the purpose for which it was originally adopted; therefore, staff is recommending that the City Council make the longevity pay a grandfathered benefit in the MOU, consistent with the revised language in Section 606 in the attached Amendment. With the proposed revised language, the performance standard will be removed, and after December 31, 2014, the longevity pay benefit will no longer be available to Competitive Service employees (the new Section 606 title will be: Longevity Pay for Employees Hired Prior to January 1, 2015). Eventually, the City may need to look at creating a more equitable compensation strategy, such as revising the salary ranges and eliminating all longevity pay. Also, some agencies recognize outstanding performances with a bonus benefit program. Longevity pay is not a benefit that is common for cities.

At the November 5, 2014 City Council meeting, City Council Adopted Resolution 2014-3333 which, among other revisions, revised the longevity pay language in Section 10 of the Management Benefits Resolution consistent with the proposed changes to the longevity pay language in the MOU.

FISCAL IMPACT

Limiting longevity pay to Competitive Service employees hired prior to January 1, 2015, will eventually result in long-term cost savings.

STAFF RECOMMENDATION

Authorize approval of Amendment No. 1 to the 2014-2015 MOU, and authorize the City Manager to sign the Amendment to the MOU following final language approval by the City Manager.

Attachment: Amendment No. 1 to the 2014-2015 MOU

AMENDMENT NO. 1 TO 2014-2015 MEMORANDUM OF UNDERSTANDING (“MOU”) BETWEEN SERVICE EMPLOYEES INTERNATIONAL UNION (“SEIU”) CTW, CLC, LOCAL 721 (“LOCAL 721”), AND CITY OF MOORPARK (“CITY”), EFFECTIVE FROM JULY 1, 2014, UP TO AND INCLUDING MIDNIGHT JUNE 30, 2015

THIS AMENDMENT NO. 1 (“Amendment”) to the MOU referenced herein, made and entered into this ____ day of December, 2014, by and between LOCAL 721 and the CITY, a Municipal corporation, located in the County of Ventura, State of California, which First Addendum is entered into with reference to the following recitals.

RECITALS

WHEREAS, LOCAL 721 entered into a MOU with the CITY, effective from July 1, 2014, up to and including Midnight, June 30, 2015; and

WHEREAS, the CITY and LOCAL 721 have met and conferred on amending the language in the MOU to comply with the California Public Employees Retirement System, also known as CalPERS, longevity pay requirements by removing the employee performance criteria; and

WHEREAS, the CITY and LOCAL 721 have met and conferred on amending the language in the MOU to grandfather longevity pay for employees hired prior to January 1, 2015 making employees hired after December 31, 2014 ineligible for longevity pay.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS, BENEFITS AND PREMISES CONTAINED HEREIN, THE PARTIES AGREE TO THE FOLLOWING REVISIONS TO THE MOU:

- I. Section 606 of the 2014-2015 MOU is amended and replaced in its entirety to read as follows:

“Sec. 606 LONGEVITY PAY FOR EMPLOYEES HIRED PRIOR TO JANUARY 1, 2015: Regular full-time and part-time employees that hired by the City of Moorpark prior to January 1, 2015 will be eligible for longevity pay as a grandfathered benefit, subject to reaching the required cumulative months of service as follows: have completed ten (10) full years of service with the City shall be entitled to longevity pay benefits, to be paid each pay period based on the gross base salary for that pay period, so long as the employee’s performance evaluation for the current evaluation year is at least at a commendable (one level above satisfactory, 7.0 or higher score) level and the employee is not on unpaid leave.

~~Eligibility for longevity pay shall be considered annually, in conjunction with an annual performance evaluation. Any longevity pay granted pursuant to this Section, and based upon a completed performance evaluation, shall be effective as of the first day of the pay period in which the anniversary date occurs. Longevity pay shall be discontinued when an employee's overall average rating in an annual performance evaluation is less than a 6.0 score. If an employee's overall average rating is 6.0 to 6.9 but less than a 7.0 score, the longevity pay will be continued but not increased until the next annual performance evaluation, and would then be discontinued if a 7.0 or higher score is not received for the overall average rating at the time of the second consecutive annual performance evaluation. The date the discontinuance of longevity pay shall be effective is the first day of the pay period in which the performance evaluation anniversary falls. Following discontinuance, eligibility for longevity pay may be re-established upon achievement of at least a 7.0 or higher score on a subsequent annual performance evaluation. After the first discontinuance of longevity pay, subsequent discontinuance shall occur at any time when an employee's overall average rating for an annual performance evaluation is less than an overall average rating of 7.0.~~

~~Longevity pay shall be calculated as follows:~~

~~121 to 180 Months of service – one-percent (1%)
181 to 240 Months of service – one and one-half percent (1.5%)
241 to 300 Months of service – two percent (2.0%)
301 or more Months of service – two and one-half percent (2.5%)~~

Any longevity pay granted pursuant to this Section, shall be effective as of the first day of the pay period in which the anniversary date occurs. An unpaid leave of absence, which changes an anniversary date, shall not be counted towards eligibility for longevity pay. Regular part-time employees must complete the same number of hours required for a full-time employee to be eligible for longevity pay, at a ratio determined by the actual number of hours worked, including paid leave, with two thousand eighty (2,080) hours equivalent to one (1) year of service.”

II. Remaining Provisions:

Except as revised by this Amendment No. 1, all of the provisions of the 2014-2015 MOU shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to the 2014-2015 MOU between LOCAL 721 and the CITY to be executed the day and year first above written.

ON BEHALF OF THE CITY:

ON BEHALF OF LOCAL 721:

Steven Kueny, City Manager

Pamm Fair, SEIU LOCAL 721
Coordinator/Negotiator

ATTEST:

Maureen Benson, City Clerk

Leonardo Mendez, SEIU LOCAL 721
General Unit Representative

Patty Anderson, SEIU LOCAL 721
General Unit Representative

Jose Zaragoza, SEIU LOCAL 721
Supervisory/Confidential Unit
Representative