AGENDA

Special Meeting of the
Scotts Valley City Council

Date: July 23, 2018
Time: 6:00 pm

CONTACT INFORMATION	MEETING LOCATION	POSTING
City of Scotts Valley 1 Civic Center Drive Scotts Valley, CA 95066 (831) 440-5600	City Council Chambers 1 Civic Center Drive Scotts Valley, CA 95066	The agenda was posted 7-20-18 at City Hall, SV Senior Center, SV Library and on the Internet at www.scottsvalley.org.

CALL TO ORDER 6:00 PM

PLEDGE OF ALLEGIANCE and MOMENT OF SILENCE

ROLL CALL

ELECTED OFFICIALS:	**CITY STAFF MEMBERS**:
Jim Reed, Mayor Jack Dilles, Vice Mayor Stephany E. Aguilar, Council Member Randy Johnson, Council Member Donna Lind, Council Member	Jenny Haruyama, City Manager Kirsten Powell, City Attorney Taylor Bateman, Community Development Director Steve Walpole, Chief of Police Tony McFarlane, Administrative Services Director Jessica Kahn, Acting Public Works Director Tracy Ferrara, City Clerk

PUBLIC COMMENT TIME

This is the opportunity for individuals to make and/or submit written or oral comments to the Council on any items within the purview of the Council, which are NOT part of the Agenda. No action on the item may be taken, but the Council may request the matter be placed on a future agenda.

CONVENE TO CLOSED SESSION

CLOSED SESSION SUBJECT(S)

(1) Conference with labor negotiator re employee negotiations with SEIU, Mid Management Group, Management Group, Scotts Valley Police Bargaining Unit, Scotts Valley Police Supervisors Association.

Legal Authority: Government Code Section 54957.6
Name of Case: N/A
Staff Present: City Manager, City Attorney, Administrative Services Director, Labor Consultant

RECONVENE TO OPEN SESSION

REPORT ON ACTION TAKE DURING CLOSED SESSION

ALTERATIONS TO CONSENT AGENDA

Council can remove or add items to the Consent Agenda.

CONSENT AGENDA

The Consent Agenda is comprised of items which appear to be non-controversial. Persons wishing to speak on any items may do so raising their hand to be recognized by the Mayor.

A. Approve the Tentative Agreement between the City of Scotts Valley and SEIU Local 521, authorize City staff to update the MOU to include the new terms and conditions, authorize the City Manager to sign the agreement, and authorize the City Manager and the Administrative Services Director to take any administrative actions necessary to effectuate the terms and conditions of the agreement

B. Approve the Tentative Agreement between the City of Scotts Valley and the Mid-Management Association, authorize City staff to update the MOU to include the new terms and conditions, authorize the City Manager to sign the agreement, and authorize the City Manager and the Administrative Services Director to take any administrative actions necessary to effectuate the terms and conditions of the agreement

ALTERATIONS TO REGULAR AGENDA

Council can remove or add items to the Regular Agenda.

REGULAR AGENDA

Persons wishing to speak on any item may do so by raising their hand to be recognized by the Mayor.

1. Future Council agenda items
   (This portion of the Regular Agenda allows the Council to determine items to be placed on a future agenda and to choose a date, if so desired.)

ADJOURNMENT

ADA NOTICE

The City of Scotts Valley does not discriminate against persons with disabilities. The City Council Chambers is an accessible facility. If you wish to attend a City Council meeting and require assistance such as sign language, a translator, or other special assistance or devices in order to attend and participate at the meeting, please call the City Clerk's office at (831) 440-5602 five to seven days in advance of the meeting to make arrangements for assistance. If you require the agenda of a City Council meeting be available in an alternative format consistent with a specific disability, please call the City Clerk’s Office. The California State Relay Service (TTY/VCO/HCO to Voice: English 1-800-735-2929, Spanish 1-800-855-3000; or, Voice to TTY/VCO/HCO: English 1-800-735-2922, Spanish 1-800-855-3000), provides Telecommunications Devices for the Deaf and Disabled and will provide a link between the TDD caller and users of telephone equipment.

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: July 23, 2018

TO: Honorable Mayor and City Council

FROM: Jenny D. Haruyama, City Manager

SUBJECT: **CONSIDER APPROVAL OF TENTATIVE AGREEMENT BETWEEN THE CITY OF SCOTTS VALLEY AND SERVICE EMPLOYEES INTERNATIONAL UNION (SEIU) LOCAL 521**

SUMMARY OF ISSUE

Over the past several months, the City has been actively negotiating with the City of Scotts Valley bargaining groups to reach agreement on new contract terms and conditions. The agreements for all City bargaining groups expired on June 30, 2018; however, on July 3, 2018, the City and Service Employee International Union (SEIU) Local 521 did reach a tentative agreement (attached) regarding a new Memorandum of Understanding (MOU).

Consistent with the parameters established by Council, the highlights of the new agreement are:

Contract Term:

- Three year contract from July 1, 2018 to June 30, 2021.

Compensation:

- Effective the first full pay period after Union ratification and City Council approval of the successor MOU, the salary range for each classification in the unit will receive a 3% percent salary increase.
- Effective the first full pay period in July 2019, the salary range for each classification in the unit will receive a 3% salary increase.
- Effective the first full pay period in July 2020, the salary range for each classification in the unit will receive a 2% salary increase.

Employee Retiree Medical Coverage Program:

- Employees hired on or after July 1, 2018 will be eligible for retiree medical coverage under the following conditions:

1. Must have been employed with the City for ten (10) years or longer.

2. Shall retire from the City of Scotts Valley. Public safety persons shall be eligible for this benefit upon retiring at age 50 or older; all other EMPLOYEES shall be eligible upon retiring at age 55 or older. Retirement shall be defined as "retiring under the provisions of the PERS Retirement Plan." Consistent with CalPERS requirements, Medicare eligible employees shall enroll in CalPERS Medicare plans upon Medicare eligible age.

3. The retired EMPLOYEE shall provide annual proof on the anniversary of retirement of current medical insurance coverage including the costs to the retiree. The retiree must notify the City if the medical insurance policy is cancelled. Failure to carry medical insurance or to notify the City of its cancellation will eliminate eligibility for this benefit. The retired must secure his/her own medical insurance coverage. The medical benefit will be provided directly to the retiree at the following rates:

- For EMPLOYEES who have served 10 to 15 years with the City up to a maximum of monthly contribution which is inclusive of the PEMCHA minimum:
  - Employee Only $250
  - Employees plus Spouse: $375
- For EMPLOYEES who have served 15 to 20 years with the City up to a maximum of monthly contribution which is inclusive of the PEMCHA minimum:
  - Employee Only $350
  - Employees plus Spouse: $550
- For EMPLOYEES who have served over 20 years with the City up to a maximum of monthly contribution which is inclusive of the PEMCHA minimum:
  - Employee Only $500
  - Employees plus Spouse: $750

The medical benefit will be provided to the retiree and their spouse. However, this benefit shall only be payable while the retiree is living, and shall not be payable to the spouse of the retiree after the retiree's death.

<u>CalPERS Retirement System and Employee Contribution:</u>

- Effective Upon Adoption - All classic employees shall contribute 2.75% of PERSable salary towards the employee’s contribution.
- Effective July 1, 2019: All classic employees shall contribute 5.5% of PERSable salary towards the employee’s contribution.
- Effective July 1, 2020: All classic employees shall contribute 8.0% of PERSable salary towards the employee’s contribution.

FISCAL IMPACT

It is estimated that over the life of the 3 year contract, the total net savings for the SEIU bargaining group based on the FY 18/19 budget and 5-year Financial Plan is approximately $38,511. This savings takes into consideration the proposed changes in compensation and contribution toward the employee share of pension costs.

While future savings are anticipated as a result of the change in the Retiree Medical Coverage program for new hires, actual savings would depend on the number of new employee hired each year. The following is a comparison of the normal cost for benefits before and after the change:

Employee Unit	Pre-change Per Capita Normal Cost	Post-change Per Capita Normal Cost	Per Capita Savings	Percentage Savings
SEIU	$4,634	**$1,455**	$3,179	**68.6%**

STAFF RECOMMENDATION

It is recommended that the Council approve the attached Tentative Agreement between the City of Scotts Valley and SEIU Local 521 and authorize City staff to update the MOU to include the new terms and conditions and authorize the City Manager to sign the agreement.

Additionally, it is recommended that Council authorize the City Manager and the Administrative Services Director to take any administrative actions necessary to effectuate the terms and conditions of the agreement.

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TENTATIVE AGREEMENT
BETWEEN THE CITY OF SCOTTS VALLEY AND SEIU 521
July 3, 2018

Term: July 1, 2018 to June 30, 2021

10.00 COMPENSATION

10.01 Salary Ranges

~~Effective August 29, 2015, the salary range for each classification in the unit will receive a one and one-half percent (1.5%) salary increase, as reflected on Exhibit B. Effective the first full pay period in July 2016, the salary range for each classification in the unit will receive a one-half (0.5%) salary increase as reflected on Exhibit C.~~

~~**In addition to the salary above, each permanent member in the SEIU shall receive a one-time bonus if the following condition is met. Should the City's actual sales tax revenue be greater than the budgeted amount during Fiscal Year 2015-2016, the difference between the budgeted sales tax revenues and the actual tax revenues shall be split 50% to the City, and the remainder shall be divided equally by the total number of permanent City employees (prorated for part-time employees). This amount shall then be multiplied by the number of employees in the SEIU ("Bonus"). The Bonus shall be a one-time payment to employee's full-time status in the SEIU to be paid no later than the first pay period in November 2016. In the event no Bonus is paid, the parties agree to a reopener on salary only by December 31, 2016**~~.

Effective the first full pay period after Union ratification and City Council approval of the successor MOU the salary range for each classification in the unit will receive a three percent (3.0%) salary increase.

Effective the first full pay period in July 2019 the salary range for each classification in the unit will receive a three percent (3.0%) salary increase.

Effective the first full pay period in July 2020 the salary range for each classification in the unit will receive a two (2.0%) salary increase.

10.02 Salary Studies

~~Commencing July 1, 2015 .~~No later than June 30 of each year the parties shall agree on three job classes whose total compensation (wages, retirement, longevity and medical benefits) will be surveyed. The surveys shall be completed no later than January 31 and provided to the Union upon completion. For purposes of the survey, the City of Santa

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Cruz, County of Santa Cruz, City of Watsonville, City of Capitola, and City of Scotts Valley shall be included.

10.03 Longevity

The City agrees that all members who have fifteen (15) years of continuous full time service will receive a 5% pay increase.

10.04 Promotions

The salary of employees who are appointed to a higher class shall be placed on the step in the salary range for the higher class which will provide an increase above the salary step in the lower class which is at least 5%.

10.05 Uniform Allowance

EMPLOYEES in the Wastewater Plant and the Chief Mechanic (with the exception of parks and road maintenance personnel) who are required to wear uniforms shall have the uniforms provided and cleaned by the City (shirts, pants, lab coats, mechanics' smocks). The City shall also supply one (1) jacket in September of each year and clean same a maximum of four (4) times per year.

On an annual basis, the City shall provide reimbursement for boots and uniforms for workers in Public Works upon the submission of receipts as follows:

Wastewater Treatment/Chief Mechanic/Senior Building Inspector/Code Enforcement Officer (boots and socks only):

Permanent Employees: $500.00

Probationary Employees: $175.00 on hire date; $175.00 upon completion of 6 months of the one-year probationary period; at the completion of 12 months employment, the now permanent employee is entitled to the difference between the allowance already received and the maximum allowable benefit for the fiscal year for a permanent employee. At the start of the next fiscal year after the one-year probationary period, the now permanent employee is entitled to the uniform allowance as stated for permanent employees.

Parks & Road Maintenance: for boots, socks, pants and shorts (of medium length):
Permanent Employees: $800.00

Probationary Employees: $250.00 on hire date (boots only); $250.00upon completion of 6 months of the one-year probationary period; at the completion of 12 months of employment, the now permanent employee is entitled to the difference between the allowance already received and the maximum allowable benefit for the fiscal year for a permanent employee. At the start of the next fiscal year after the one-year probationary period, the now permanent employee is entitled to the uniform allowance as stated for permanent employees.

The cost of boot repair shall be the responsibility of the Employee. Public Works EMPLOYEES not entitled to compensation for steel-toed boots, and not required to wear steel-toed boots, are: non-field personnel, such as the Secretary, etc. The boots provided for the EMPLOYEE by the City are for the purpose of safety and are to be worn at all times while on the job. Failure to wear steel-toed safety boots shall be cause for disciplinary action. Wearing of City-provided boots while not on the job shall be cause of disciplinary action.

The City will allow the Wastewater Treatment Plant and the Chief Mechanic EMPLOYEES the option of wearing the denim and cotton instead of the polyester clothing currently provided, if there is no difference in cost.

10.05.01 Uniform - Parks and Road Maintenance

The City shall annually provide at no cost to the parks and road maintenance personnel the following uniform items of clothing: Ten (10) cotton t-shirts, seven (7) cotton sweatshirts, one cap, one jacket and one pair of rain boots. Parks and road maintenance employees shall be responsible for the cleaning of these clothing items, including shorts and pants.

10.06 Working Out of Classification Pay shall be as follows:

1. EMPLOYEES assigned to an "out of classification" position will receive ~~acting-out-of-class~~ pay within a range of a higher classification beginning the first day of assignment **in accordance with CalPERS regulations requirements and limitations.**

2. All working out of classification pay will be at the salary step of the higher classification that is an increase of at least 5%.

3. All assignments to an "out of classification" position shall be set forth in a Personnel Transaction Report form prior to the first day of assignment.

10.07 Standby Pay

10.07.01 Standby - General

Whenever emergency work is anticipated but does not warrant full-time staffing, regular EMPLOYEES may be required to remain on standby (available by telephone) for emergency work.

Standby shifts shall be scheduled so that no standby shift is more than sixteen (16) hours per day for the maintenance division, twenty (20) hours per day for the wastewater division, nor more than seven (7) consecutive days.

Any EMPLOYEE who is required to remain on standby for emergency work shall be paid the equivalent of eight (8) hours straight time for each standby shift (all hours outside the EMPLOYEE'S regular work schedule, for seven (7) consecutive days) whether or not he/she is called to work. Said pay is compensation for the EMPLOYEE'S availability, not for hours worked. City Management will determine whether to provide City vehicles to members on a case-by-case basis.

10.07.02 Standby - Overtime

Whenever any EMPLOYEE is ordered to perform emergency work in excess of the normal working hours per day, whether or not he/she is on standby duty, he/she shall be paid for such work at the hourly equivalent of his/her monthly salary times one and one-half (1.5). This pay of one and one-half (1.5) times hourly equivalent shall be in addition to the eight (8) hours straight time standby pay for EMPLOYEES so assigned.

10.07.03 Standby- Emergency

For standby emergency work calls, EMPLOYEES shall be paid at one and one-half (1.5) times base rate for every hour worked for a minimum of two (2) hours pay.

10.07.04 Standby- Road Maintenance Personnel

Road maintenance personnel shall be assigned standby duty during the period commencing no later than December 15th and ending no sooner than March 15th of each calendar year. Such assignment shall be made on a weekly rotational basis, and shall be distributed equally from an established list of qualified volunteers.

The City reserves the right to assign standby duty in the event there are no volunteers, and at other times of the year as conditions necessitate.

10.08 Call-Back

The minimum payment for EMPLOYEES called back to work from their off-duty hours shall be four (4) hours at one and one-half (1.5) times their hourly rate, except if called back within two (2) hours of the start of his/her next scheduled shift, the EMPLOYEE shall receive two (2) hours pay at one and one-half (1.5) times his/her hourly rate. Time "called back" shall be defined as the time the EMPLOYEE is notified of the need to return to work.

10.09 Mileage

Mileage reimbursement rate for EMPLOYEES utilizing personal vehicles shall be the IRS rate.

10.10 Meal Allowance

City agrees, whenever the Emergency Operations Center is opened, or in other bona-fide emergencies, as determined by the City Manager, to either provide meals to EMPLOYEES working under emergency conditions, or to reimburse them upon submission of a receipt in accordance with Administrative Policy #5.

10.11 Night Meeting Pay

Clerical staff, except for the City Clerk, who attend meetings of the City Council or of any Board or Commission of the City Council, will receive $28.00 for each meeting attended.

10.12 Cell Phone Reimbursement

EMPLOYEES who are required by their department head to use their personal cell phones for business will receive a $20 per month cell phone stipend during that approved period. The City will not be responsible for cell phone replacement, damage or any other costs associated with the EMPLOYEE'S personal cell phone. A cell phone stipend participating form will be signed by each city employee and kept on file.

11.00 HEALTH AND WELFARE

11.01 PERS Medical Plan

11.01.01 Cafeteria Plan

The City will provide medical insurance through the Public Employees' Retirement System (PERS). The City's contribution towards medical coverage will be the minimum amount required by Government Code section 22825 for regular full-time employees. All employees who elect coverage in the PERS medical plan may choose any medical plan available.

The City will also make available a Flexible Benefit Plan (Cafeteria Plan). The cafeteria plan contribution rate shall be up to the PERS HMO rate minus the Government Code 22825 contribution. However, for employees choosing the PERS Choice Plan the City shall contribute the PERS Choice rate plus 50% of the difference between the PERS Choice and PERS HMO rates per month to be used towards the cafeteria plan.

The City shall also pay administrative fees and contingency reserve fund assessments, if any.

11.01.04 Part-Time Employees

Regular part-time employees working a mm1mum of twenty hours per week who do not accept paid medical insurance through his/her spouse shall be eligible to receive medical premiums and cafeteria plan contributions combined to equal to the rate for the Blue Shield HMO provided that the employee makes the following contribution:

1. Employees working between 20-29 hours/week = $125/month.

2. Employees working between 30-39 hours/week = $100/month.

Regular part-time employees working a minimum of 20 hours per week, who accept health care coverage through his/her spouse or other family member shall be eligible to receive health benefits on a pro-rated PERS Blue Shield HMO Plan basis given the ratio of their work schedule to full time work.

11.01.05 Dental and Vision Insurance

The City shall provide reimbursement for employees' and dependents' up to 26 years of age documented dental expenses, with the first $200 in expenses 100% reimbursed, the next $500 80% reimbursed, and the next $1,000 in expenses 50% reimbursed up to a maximum of $1,100 in City contribution each calendar year.

The City provides Vision Service Plan vision coverage.

11.01.06 Re-opener in the Event of Provider Change

In the event that no PERS HMO and/or no PERSChoice contract with one of the four major care providers in the area (Sutter, Dominican, Santa Cruz Medical Clinic or Physicians Medical Group) during the term of this MOU, the parties agree to re-open section 11.01.

11.01.07 Employee Retiree Medical Coverage Program

It is the purpose of the EMPLOYEES Retiree Medical Coverage program to provide for medical insurance compensation to retired EMPLOYEES in order to insure that these individuals, who have dedicated a number of years of service to the City of Scotts Valley, do not face an economic hardship at the time of retirement in paying for medical insurance coverage.

a. **For employees hired on or before June 30, 2018**

To be eligible for this benefit an EMPLOYEE:

1. Must have been employed with the City for ten (10) years or longer.

2. Shall retire from the City of Scotts Valley. Public safety persons shall be eligible for this benefit upon retiring at age 50 or older; all other EMPLOYEES shall be eligible

upon retiring at age 55 or older. Retirement shall be defined as "retiring under the provisions of the PERS Retirement Plan." **Consistent with CalPERS requirements, Medicare eligible employees shall enroll in CalPERS Medicare plans upon Medicare eligible age.**

3. The retired EMPLOYEE shall provide annual proof on the anniversary of retirement of current medical insurance coverage including the costs to the retiree. The retiree must notify the City if the medical insurance policy is cancelled. Failure to carry medical insurance or to notify the City of its cancellation will eliminate eligibility for this benefit. The retired must secure his/her own medical insurance coverage.

The medical benefit will be provided directly to the retiree at the following rates:

1. For EMPLOYEES who have served 10 to 15 years with the City: 100% of premiums to a maximum of 33% of the PERS-CARE plan premium level (benchmark plan); reduced to 16.5% at Medicare eligible age.

2. For EMPLOYEES who have served 15-20 years with the City: 100% of the premiums to a maximum of 50% of the PERS-CARE plan; reduced to 25% at Medicare eligible age.

3. For EMPLOYEES who have served over 20 years: 100% of premiums to a maximum of 67% of the PERS-CARE plan; reduced to 33.5% at Medicare eligible age.

The medical benefit will be provided to the retiree and their spouse. However, this benefit shall only be payable while the retiree is living, and shall not be payable to the spouse of the retiree after the retiree's death.

b. For Employees hired on or after July 1, 2018

To be eligible for this benefit an EMPLOYEE:

1. Must have been employed with the City for ten (10) years or longer.

2. Shall retire from the City of Scotts Valley. Public safety persons shall be eligible for this benefit upon retiring at age 50 or older; all other EMPLOYEES shall be eligible upon retiring at age 55 or older. Retirement shall be defined as "retiring under the provisions of the PERS Retirement Plan." Consistent with CalPERS requirements, Medicare eligible employees shall enroll in CalPERS Medicare plans upon Medicare eligible age.

3. The retired EMPLOYEE shall provide annual proof on the anniversary of retirement of current medical insurance coverage including the costs to the retiree. The retiree must notify the City if the medical insurance policy is cancelled. Failure to carry medical insurance or to notify the City of its cancellation will eliminate eligibility for this benefit. The retired must secure his/her own medical insurance

coverage. The medical benefit will be provided directly to the retiree at the following rates:

For EMPLOYEES who have served 10 to 15 years with the City up to a maximum of monthly contribution which is inclusive of the PEMCHA minimum:

Employee Only 250.00

Employees plus Spouse: 375.00

For EMPLOYEES who have served 15 to 20 years with the City up to a maximum of monthly contribution which is inclusive of the PEMCHA minimum:

Employee Only 350.00

Employees plus Spouse: 550.00

For EMPLOYEES who have served over 20 years with the City up to a maximum of monthly contribution which is inclusive of the PEMCHA minimum:

Employee Only 500.00

Employees plus Spouse: 750.00

The medical benefit will be provided to the retiree and their spouse. However, this benefit shall only be payable while the retiree is living, and shall not be payable to the spouse of the retiree after the retiree's death.

11.01.08 Part-Time Employees

Regular part-time EMPLOYEES shall be eligible to receive health benefits on a pro-rated premium basis given the ratio of their work schedule to full- time work, and subject to the minimum number of hours specified in the City's current health benefits plan.

11.01 Life Insurance

The City shall pay the premium for a $50,000 life insurance plan and a $50,000 Accidental Death and Dismemberment plan for all unit EMPLOYEES.

11.02 LTD

The City shall continue in effect and pay the full premium for a long term disability insurance program with minimum monthly benefit of 60% of salary to a maximum of $6,000.

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11.04 State Disability Insurance

EMPLOYEES shall be eligible for paid sick leave benefits in accordance with City rules. EMPLOYEES shall continue to pay the premium cost for State Disability Insurance. It shall be the EMPLOYEE'S responsibility to apply for State Disability benefits and to file with the City immediately upon receipt from the Department of Employment the "Notice of Calculation" for disability insurance.

11.05 Physical Examination

The City will pay the cost of the physical examination required for the Class B License for EMPLOYEES required to have the license by the City.

11.06 CalPERS Retirement System and ~~P.E.R.S.~~ Contribution

A. Classic Employees

~~**The City shall**~~ ~~contribute (number) percent of the total normal cost of their pension benefit continue towards to pay~~ ~~**the EMPLOYEE'S contribution to the Public Employees' Retirement System**~~ ~~and the member shall contribute ( ) percent of the total normal cost of their pension benefit.~~ The City ~~shall~~ provides **the CalPERS pension formula** of 2.5% at age 55 plan for all eligible Members hired on or before December 31,2012 ~~prior to January 1, 2013~~, or hired after such date but already in the CalPERS system as a classic member without a six-month break in service ~~**at City expense**~~.

Effective Upon Adoption: All classic employees shall contribute 2.75% of PERSable salary towards the employee's contribution.

Effective July 1, 2019: All classic employees shall contribute 5.5% of PERSable salary towards the employee's contribution.

Effective July 1, 2020: All classic employees shall contribute 8.0% of PERSable salary towards the employee's contribution.

B. ~~Post-~~PEPRA Employees

For those Members hired on or after January 1, 2013 to the City of Scotts Valley, new to the CalPERS system, the City shall provide 2% at 62 for those Members in accordance with State law. The contribution for new PEPRA Members shall be shared in accordance with State law. PEPRA employee contributions shall be 50% of the normal cost as determined by CalPERS and may change on an annual basis.

~~Upon the conclusion of negotiations with all affected employee organizations and the processing the CalPERS contract amendments. newly hired employees only will covered~~

~~by the 2% at age 60 retirement plan with the 36 consecutive months final compensation provision. They will also pay the 7% employee retirement contribution.~~

Parties drop all outstanding proposals.

Date: July 3, 2018

For the City

Date:

7/3/18

For SEIU 521

City of Scotts Valley
CITY COUNCIL STAFF REPORT

DATE: July 23, 2018

TO: Honorable Mayor and City Council

FROM: Jenny D. Haruyama, City Manager

SUBJECT: **CONSIDER APPROVAL OF TENTATIVE AGREEMENT BETWEEN THE CITY OF SCOTTS VALLEY AND MID-MANAGEMENT ASSOCIATION**

SUMMARY OF ISSUE

Over the past several months, the City has been actively negotiating with the City of Scotts Valley bargaining groups to reach agreement on new contract terms and conditions. The agreements for all City bargaining groups expired on June 30, 2018; however, on July 3, 2018, the City and Mid-Management Association did reach a tentative agreement (attached) regarding a new Memorandum of Understanding (MOU).

Consistent with the parameters established by Council, the highlights of the new agreement are:

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- Three year contract from July 1, 2018 to June 30, 2021.

Compensation:

- Effective the first full pay period after Union ratification and City Council approval of the successor MOU, the salary range for each classification in the unit will receive a 3% percent salary increase.
- Effective the first full pay period in July 2019, the salary range for each classification in the unit will receive a 3% salary increase.
- Effective the first full pay period in July 2020, the salary range for each classification in the unit will receive a 2% salary increase.

Employee Retiree Medical Coverage Program:

- Employees hired on or after July 1, 2018 will be eligible for retiree medical coverage under the following conditions:

1. Must have been employed with the City for ten (10) years or longer.

2. Shall retire from the City of Scotts Valley. Public safety persons shall be eligible for this benefit upon retiring at age 50 or older; all other EMPLOYEES shall be eligible upon retiring at age 55 or older. Retirement shall be defined as "retiring under the provisions of the PERS Retirement Plan." Consistent with CalPERS requirements, Medicare eligible employees shall enroll in CalPERS Medicare plans upon Medicare eligible age.

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- For EMPLOYEES who have served 10 to 15 years with the City up to a maximum of monthly contribution which is inclusive of the PEMCHA minimum:
  - Employee Only $250
  - Employees plus Spouse: $375

- For EMPLOYEES who have served 15 to 20 years with the City up to a maximum of monthly contribution which is inclusive of the PEMCHA minimum:
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  - Employees plus Spouse: $550

- For EMPLOYEES who have served over 20 years with the City up to a maximum of monthly contribution which is inclusive of the PEMCHA minimum:
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  - Employees plus Spouse: $750

The medical benefit will be provided to the retiree and their spouse. However, this benefit shall only be payable while the retiree is living, and shall not be payable to the spouse of the retiree after the retiree's death.

<u>CalPERS Retirement System and Employee Contribution:</u>

- Effective Upon Adoption - All classic employees shall contribute 2.75% of PERSable salary towards the employee’s contribution.

- Effective July 1, 2019: All classic employees shall contribute 5.5% of PERSable salary towards the employee’s contribution.

- Effective July 1, 2020: All classic employees shall contribute 8.0% of PERSable salary towards the employee's contribution.

FISCAL IMPACT

It is estimated that over the life of the 3 year contract, the total net savings for the Mid-Management Association bargaining group based on the FY 2018/19 budget and 5-year Financial Plan is approximately $16,251. This savings takes into consideration the proposed changes in compensation and contribution toward the employee share of pension costs.

While future savings are anticipated as a result of the change in the Retiree Medical Coverage program for new hires, actual savings would depend on the number of new employee hired each year. The following is a comparison of the normal cost for benefits before and after the change:

Employee Unit	Pre-change Per Capita Normal Cost	Post-change Per Capita Normal Cost	Per Capita Savings	Percentage Savings
Mid-Management	$5,002	**$1,116**	$3,386	**67.7%**

STAFF RECOMMENDATION

It is recommended that the Council approve the attached Tentative Agreement between the City of Scotts Valley and the Mid-Management Association and authorize City staff to update the MOU to include the new terms and conditions and authorize the City Manager to sign the agreement.

Additionally, it is recommended that Council authorize the City Manager and the Administrative Services Director to take any administrative actions necessary to effectuate the terms and conditions of the agreement.

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TENTATIVE AGREEMENT
Between
The City of Scotts Valley and Middle Management
July 3, 2018

Term: July 1, 2018 – June 30, 2021

10.00 COMPENSATION

~~The salary range for each classification in the Association starting with the first full pay period in July 2015 shall be increased 1.5% as set forth in Exhibit A attached hereto and incorporated herein. The compensation for the first full pay period in July 2016 shall be increased .5% as set forth in Exhibit B attached hereto and incorporated herein.~~
~~In addition to the salary above, each permanent member in the Association shall receive a one-time bonus if the following condition is met. Should the City's actual sales tax revenue be greater than the budgeted amount during Fiscal Year 2015-2016, the difference between the budgeted sales tax revenues and the actual tax revenues shall be split 50% to the City, and the remainder shall be divided equally by the total number of permanent City employees (prorated for part-time employees). This amount shall then be multiplied by the number of employees in the Association ("Bonus"). The Bonus shall be a one-time payment to employees based on full-time status in the Association to be paid no later than the first pay period in November 2016. In the event no Bonus is paid, the parties agree to a reopener on salary only by December 31, 2016.~~

Effective the first full pay period after Union ratification and City Council approval of the successor MOU the salary range for each classification in the unit will receive a three percent (3.0%) salary increase.

Effective the first full pay period in July 2019 the salary range for each classification in the unit will receive a three percent (3.0%) salary increase.

Effective the first full pay period in July 2020 the salary range for each classification in the unit will receive a two percent (2.0%) salary increase.

11.00 HEALTH AND WELFARE

11.01 PERS Medical Plan

11.01.1 Cafeteria Plan

The City will provide medical insurance through the Public Employees' Retirement System (PERS). The City's contribution towards medical coverage will be the minimum amount required by Government Code section 22825 for regular full-time employees. All employees who elect coverage in the PERS medical plan may choose any medical plan available.

The City will also make available a Flexible Benefit Plan (Cafeteria Plan). The cafeteria plan contribution rate for 2004 shall be the PERS Choice rate, minus Government Code section 22825 contribution. The cafeteria plan contribution rate for 2005 shall be the PERS HMO rate minus the Government Code section 22825 contribution. However, for employees choosing the PERS Choice Plan in 2005, the City shall contribute the PERS Choice rate plus 50% of the difference between the PERS Choice and the PERS HMO rates per month to be used towards the cafeteria plan.

The City will provide medical insurance through the Public Employees' Retirement System (PERS). The City's contribution towards medical coverage will be the minimum amount required by Government Code section 22825 for regular full-time employees. All employees who elect coverage in the PERS medical plan may choose any medical plan available.

The City will also make available a Flexible Benefit Plan (Cafeteria Plan). The cafeteria plan contribution rate shall be up to the PERS HMO rate minus the Government Code 22825 contribution. However, for employees choosing the PERS Choice Plan the City shall contribute the PERS Choice rate plus 50% of the difference between the PERS Choice and PERS HMO rates per month to be used towards the cafeteria plan.

The City shall also pay administrative fees and contingency reserve fund assessments, if any.

11.01.02 Optional Benefits

Employees may also elect the following optional benefits if the employee has surplus cafeteria plan funds remaining after electing medical insurance coverage:

1. Medical reimbursement account
2. Dependent care assistance plan
3. AFLAC supplemental insurance
4. Deferred compensation
5. Taxable cash-out

Employees who wish to participate in the optional benefits in the plan, but do not have any surplus City-contributed cafeteria funds, can elect to make pre-tax deductions in an amount to cover the cost of the optional benefits.

11.01.03 Opt out of Medical Coverage

Employees may elect not to be covered by the PERS medical plan, provided they provide proof to the City of dual coverage from PERS or other medical coverage. Employees who decline coverage will be eligible to receive the following amounts per month from the above-listed optional pre-tax benefits and/or a taxable cash-out benefit.

1. Employee eligible to enroll as employee plus one, but enrolls as employee only = $100.

2. Employee eligible to enroll as employee plus two, but enrolls as employee plus one = $100.

3. Employee eligible to enroll employee plus two, but enrolls employee only = $150.
4. Employee eligible to enroll employee plus one, but enrolls no one = $150.

5. Employee eligible to enroll employee plus two but enrolls no one = $225.

11.01.04 Part-Time Employees

Regular part-time employees working a minimum of twenty hours per week who do not accept paid medical insurance through his/her spouse shall be eligible to receive medical premiums and cafeteria plan contributions combined to equal to the rate for the Blue Shield HMO provided that the employee makes the following contribution:

1. Employees working between 20-29 hours/week =$125/month
2. Employees working between 30-39 hours/week = $100/month

Regular part-time employees working a minimum of 20 hours per week, who accept health care coverage through his/her spouse or other family member shall be eligible to receive health benefits on a pro-rated PERS Blue Shield HMO Plan basis given the ratio of their work schedule to full time work.

11.01.05 Reopener in the Event of Provider Change

In the event that no PERS HMO and/or no PERSChoice contract with one of the four major care providers in the area (Sutter, Dominican, Santa Cruz Medical Clinic or Physicians Medical Group) during the term of this MOU, the parties agree that to re-open section 11.01.

11.01.06 Dental Insurance

The City shall provide reimbursement for employees' and dependents' (including children up to 26 years of age) documented dental expenses, with the first $200 in expenses 100% reimbursed, the next $500 in expenses 80% reimbursed, and the next $1,000 in expenses 50% reimbursed up to a maximum of $1,100 in City contribution each calendar year.

11.02 Health, Dental & Vision Coverage

The City has implemented a self-insured dental plan. The level of existing coverage shall remain in effect for the term of this agreement.

The level of existing vision coverage will remain in effect for the term of this agreement.

11.02.01 Retiree Medical Benefits Coverage

It is the purpose of the Employees Retiree Medical Coverage program to provide for medical insurance compensation to retired Members in order to ensure that these individuals, who have dedicated a number of years of service to the City of Scotts Valley, do not face an economic hardship at the time of retirement in paying for medical insurance coverage.

To be eligible for this benefit a Member:

1. Must have been employed with the City for ten years or longer.

2. Shall retire from the City of Scotts Valley. Public safety persons shall be eligible for this benefit upon retiring at age 50 or older; all other Members shall be eligible upon retiring at age 55 or older. Retirement shall be defined as "retiring under the provisions of the PERS Retirement Plan."

3. The retired Member shall provide annual proof on the anniversary of retirement of current medical insurance coverage including the costs to the retiree. The retiree must notify the City if the medical insurance policy is canceled. Failure to carry medical insurance or to notify the City of its cancellation will eliminate eligibility for this benefit. The retired Member must secure his/her own medical insurance coverage.

A. For Employees hired on or before June 30, 2018

The medical benefit shall be provided directly to the retiree at following rates:

1. For EMPLOYEES who have served 10 to 20 years with the City: 100% of premiums to a maximum of 50% of the PERS-CARE plan premium level (benchmark plan);

2. For EMPLOYEES who have served 20-30 years with the City: 100% of the premiums to a maximum of 67% of the PERS-CARE plan;

3. For EMPLOYEES who have served over 30 years with the City: 100% of the premiums to a maximum of 75% of the PERS-CARE plan.

The medical benefit will be provided to the retiree and their spouse. However, this benefit shall only be payable while the retiree is living and shall not be payable to the spouse of the retiree after the retiree's death. **Consistent with CalPERS requirements, Medicare eligible retirees shall enroll in CalPERS Medicare plans upon Medicare eligible age.**

B. For Employees hired on or after July 1, 2018

To be eligible for this benefit an EMPLOYEE:

1. Must have been employed with the City for ten (10) years or longer.

2. Shall retire from the City of Scotts Valley. Public safety persons shall be eligible for this benefit upon retiring at age 50 or older; all other EMPLOYEES shall be eligible upon retiring at age 55 or older. Retirement shall be defined as "retiring under the provisions of the PERS Retirement Plan." Consistent with CalPERS requirements, Medicare eligible retirees shall enroll in CalPERS Medicare plans upon Medicare eligible age.

3. The retired EMPLOYEE shall provide annual proof on the anniversary of retirement of current medical insurance coverage including the costs to the retiree. The retiree must notify the City if the medical insurance policy is cancelled. Failure to carry medical insurance or to notify the City of its cancellation will eliminate eligibility for this benefit. The retired must secure his/her own medical insurance coverage. The medical benefit will be provided directly to the retiree at the following rates:

For EMPLOYEES who have served 10 to 15 years with the City up to a maximum of monthly contribution which is inclusive of the PEMCHA minimum:

Employee Only 250.00

Employees plus Spouse: 375.00

For EMPLOYEES who have served 15 to 20 years with the City up to a maximum of monthly contribution which is inclusive of the PEMCHA minimum:

Employee Only 350.00

Employees plus Spouse: 550.00

For EMPLOYEES who have served over 20 years with the City up to a maximum of monthly contribution which is inclusive of the PEMCHA minimum:

Employee Only 500.00

Employees plus Spouse: 750.00

The medical benefit will be provided to the retiree and their spouse. However, this benefit shall only be payable while the retiree is living, and shall not be payable to the spouse of the retiree after the retiree's death.

11.03 Life Insurance

The City shall pay the premium for a $50,000 life insurance plan for all unit Members.

11.04 LTDI

The City shall continue in effect and pay the full premium for the existing long term disability insurance program.

11.05 State Disability Insurance

Members shall be eligible for paid sick leave benefits in accordance with City rules. Members shall continue to pay the premium cost for State Disability Insurance. It shall be the Member's responsibility to apply for State Disability benefits and to file with the City immediately upon receipt from the Department of Employment the "Notice of Calculation" for Disability Insurance. Upon receipt of the notice the City shall adjust the Member's sick leave usage and wages for the affected period so their net pay is equal to that which they would receive if working.

11.06 P.E.R.S. Contribution

~~The City shall continue to pay the Member's contribution to the Public Employees' Retirement System. The plan for all members is the 2.5% at age 55 plan with the one year final compensation benefit.~~

~~Upon the conclusion of negotiations with all affected employee organizations and the processing the CalPERS contract amendments, newly hired employees only will be covered by the 2% at age 60 retirement plan with the 36 consecutive months final compensation provision. They will also pay the 7% employee retirement contribution.~~

A. Classic Employees

The City provides the CalPERS pension formula of 2.5% at age 55 plan for all eligible Members hired on or before December 31,2012 or hired after such date but already in the CalPERS system as a classic member without a six-month break in service.

Effective Upon Adoption: All classic employees shall contribute 2.75% of PERSable salary towards the employee's contribution.

Effective July 1, 2019: All classic employees shall contribute 5.5% of PERSable salary towards the employee's contribution.

Effective July 1, 2020: All classic employees shall contribute 8.0% of PERSable salary towards the employee's contribution.

B. PEPRA Employees

For those Members hired on or after January 1, 2013 to the City of Scotts Valley, new to the CalPERS system, the City shall provide 2% at 62 for those Members in accordance with State law. The contribution for new PEPRA Members shall be shared in accordance with State law. PEPRA employee contributions shall be 50% of the normal cost as determined by CalPERS and may change on an annual basis.

~~P.E.R.S. Contribution~~

~~The City shall continue to pay the Member's contribution to the Public Employees' Retirement System. The plan for all members is the 2.5% at age 55 plan with the one year final compensation benefit.~~

~~Upon the conclusion of negotiations with all affected employee organizations and the processing the CalPERS contract amendments, newly hired employees only will be covered by the 2% at age 60 retirement plan with the 36 consecutive months final compensation provision. They will also pay the 7% employee retirement contribution.~~

11.07 Child and Dependent Care Services

City has implemented a child and dependent care services flexible spending program, whereby employee dollars spent on child and dependent care services may be sheltered from taxation. This type of program is described in Internal Revenue Code Section 129. The cost of administering this voluntary program shall continue to be borne by the participating employee.

Date: July 3, 2018

CITY OF SCOTTS VALLEY

Dania Wong

Dania Wong, For the City

SCOTTS VALLEY MID-MANAGEMENT ASSOCIATION

Troy Adams, Wastewater Division Manager

Kristin Ard, Recreation Division Manager

Michelle Edwards

Michelle Edwards, Senior Planner

Laurie Grundy, Senior Accountant

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