To: Mayor and City Council  
From: Donna Peter, Director, Human Resources Department  
Subject: Resolution Authorizing the City Manager to Execute Memoranda of Understanding with the Administrative Team Associates (ATA), Municipal Employees Association (MEA), the Public Attorneys Union (PAU), the Santa Monica Firefighters Local 1109 IAFF, Supervisory Team Association (STA), the Management Team Associates (MTA), and Confidential Unrepresented Employees (CUE) pay plan.

Recommended Action

Staff recommends that the City Council:

1. Adopt the attached Resolution authorizing the City Manager to execute a Memorandum of Understanding (MOU) between the City of Santa Monica and the Administrative Team Associates (ATA), Municipal Employees Association (MEA), the Public Attorneys Union (PAU), the Santa Monica Firefighters Local 1109 IAFF, Supervisory Team Association (STA), the Management Team Associates (MTA), and the Confidential Unrepresented Employees (CUE) pay plan.

2. Approve the attached revised salary schedule effective as a result of the agreement reached for the classifications represented by the Administrative Team Associates (ATA), Municipal Employees Association (MEA), the Public Attorneys Union (PAU), the Santa Monica Firefighters Local 1109 IAFF, Supervisory Team Association (STA), the Management Team Associates (MTA), and the Confidential Unrepresented Employees (CUE) pay plan.

Executive Summary

Agreements with all but one of the City’s bargaining units expired on June 30, the end of the fiscal year. With direction from City Council to continue Santa Monica’s commitment to competitive compensation for our workforce while keeping costs within the City’s Five Year financial forecast, the City and the groups have met and conferred in accordance with the Meyers-Millias Brown Act (MMBA). These negotiations resulted in previous public ratification of agreements covering sworn Police Officers, the Executive Pay Plan and benefits for non-sworn City workers.
Negotiations have continued for a successor to the Memorandum of Understanding (MOU) between the City and the Administrative Team Associates (ATA), Municipal Employees Association (MEA), the Public Attorneys Union (PAU), the Santa Monica Firefighters Local 1109 IAFF, Supervisory Team Association (STA), the Management Team Associates (MTA) and the Confidential Unrepresented Employees (CUE) pay plan that have now resulted in tentative agreements. The terms of the tentative agreements are summarized below. In general, they seek to contain the cost of net annual salary increases within the most recent annual rise in the cost of living of 1.7%; to minimize increases in pension obligations; and seek trade-offs that equitably share the rising costs of pension and medical benefits between the City and employees. The purpose of the Memorandum of Understanding is to promote and provide harmonious relations, cooperation, and understanding between the City and the various bargaining units. The total cost of the negotiated changes is approximately $2,842,088 for FY 2017-18. The budget impact of these changes was included in the General Fund FY 2017-18 through FY 2021-22 Five-Year Financial Forecast.

**Background**

The Meyers-Milias Brown Act requires that local public agencies negotiate with their respective bargaining units regarding wages, hours and working conditions. Agreements with ten of the City’s eleven bargaining units expired at the end of June and, under direction from the City Council, staff has been in negotiations for new terms.

On June 27, 2017, Council approved agreements with the Executive Pay Plan (EPP) and set the terms and conditions for medical insurance for most City employees (Attachment A). On July 11, 2017, Council approved the terms for the agreements with the Police Officers Association (POA) (Attachment B).

The MOU’s with Administrative Team Associates (ATA), Municipal Employees Association (MEA), the Public Attorneys Union (PAU), the Santa Monica Firefighters
Local 1109 IAFF, Supervisory Team Association (STA), the Management Team Associates (MTA) and the Confidential Unrepresented Employees (CUE) pay plan expired June 30, 2017. Per the terms and conditions of the MOU’s, negotiations with ATA, MEA, MTA, STA, Local 1109 and the PAU for successor MOU’s have resulted in tentative agreements on the terms for new MOU’s. The CUE Pay Plan establishes the salary, benefit and additional terms and conditions of employment for employees in classifications not represented by a bargaining unit, covered by the EPP, or covered by separate employment agreements. The City Council approved resolutions for the City Manager to execute the current MOU’s between the 2014-2016 fiscal years.

Discussion

The overall policy of the City of Santa Monica has been to maintain competitive wages, hours, and working conditions in a high-cost geographic labor market in order to retain and attract a dedicated, high-quality workforce to serve our community across a wide range of specialized services. Since most, though not all, City jobs are comparable to those in other municipalities, the City has traditionally looked to full-service cities in our region of similar size and financial strength for labor market comparisons. Market competitiveness in recruitment, the increase in the Consumer Price Index, internal equity, and offsetting contributions to pension and medical benefits may also be factors that contribute to the setting of compensation during the negotiations process.

Generally, the City finds itself in first or second position among comparable cities. As a result, the City has maintained competitiveness through modest cost of living adjustments. The Council is undertaking a compensation review overseen by the City Council Audit Subcommittee that will provide a comprehensive analysis for future policy direction.

Tentative agreements with the majority of the remaining bargaining units are as described below. Negotiations with three groups still remain and agreements are expected to be forthcoming.
The substantive terms of the tentative agreements are summarized for each bargaining unit or group below. Various groups have negotiated for increased vacation cash-out provisions and all have non-substantive language revisions.

**Administrative Team Associates**

The substantive terms of the tentative agreements are summarized as follows:

- The three-year agreement between the City of Santa Monica and the ATA is effective July 1, 2017, through June 30, 2020.
- ATA employees will earn a total of 4.7% salary increase over three years and the City will begin contributing to a 401(a) account, with a total contribution of $100 per month at the end of the three-year contract. Contributions to deferred compensation do not increase the City’s unfunded pension liabilities while still providing a competitive benefit to staff.
- The City and ATA have agreed to delay the implementation of the second and third year salary increases to January of 2019 and January of 2020, respectively, which offsets the costs of the deferred compensation over the course of the contract.

**Supervisory Team Associates**

The substantive terms of the tentative agreements are summarized as follows:

- The three-year agreement between the City of Santa Monica and the STA is effective July 1, 2017, through June 30, 2020.
- STA employees will earn a total of a 4.7% salary increase over the three year term of the contract and the City will begin contributing to a 457 deferred compensation account, with a total contribution of $84 per month at by the end of the three-year contract. Deferred compensation contributions have no financial impact on the City’s unfunded CalPERS pension liabilities.
- The City and STA have agreed to delay the implementation of the second and third year salary increases to January of 2019 and January of 2020, respectively, which offsets the costs of the deferred compensation over the course of the contract.
SM Firefighters Local 1109

The substantive terms of the tentative agreements are summarized as follows:

- The three-year agreement between the City of Santa Monica and Local 1109 is effective July 1, 2017, through June 30, 2020.
- There is no across the board salary increase during the first year of the agreement but it does include an equity adjustment for the classification of Battalion Chief and Fire Marshal which will assist in maintaining appropriate differentials between promotional ranks. The agreement also includes the implementation of a Longevity Bonus, effective August 1, 2017. There are two levels of the longevity bonus; at 10 years of service, employees earn a 5% bonus and upon 20 years of service, employees earn a 10% bonus.
- The second and third years of the agreement each include a 2.5% salary increase and an additional 1% each year in contributions toward retirement benefits. By the third year of the agreement, Local 1109 members will be paying a total of 15% towards retirement benefits and an additional 3% (11% total) toward their medical premiums. This will assist in continuing to offset the rising payroll costs of the City.
- The City will contribute $90 per month to a 457 deferred compensation account, effective August 1, 2017. Again, this is a benefit that does not add to the City’s pension liabilities with CalPERS.
- The agreement also includes the establishment of the Firefighter-Paramedic classification. This modification to the staffing structure ensures that the Fire department can continue to meet the high service levels of the community and will over time assist with reducing costs.

Municipal Employees Association

The substantive terms of the tentative agreements are summarized as follows:

- The two-year agreement between the City of Santa Monica and the MEA is effective July 1, 2017 through June 30, 2019.
MEA employees will earn a total of a 3.2% salary increase over the two years of the contract. The City will increase the matching contribution to a 457 deferred compensation account by $12.50 per month, for a total match of $62.50 per month. This increase in matching contribution to a 457 deferred compensation has no impact on the unfunded pension liability but increases the opportunity for staff to contribute to their retirement savings.

Management Team Associates

The substantive terms of the tentative agreements are summarized as follows:

- The three-year agreement between the City of Santa Monica and the MTA is effective July 1, 2017, through June 30, 2020.
- MTA employees will earn a total of a 4.7% salary increase over the three year contract. The City and MTA have agreed to delay the implementation of the second and third year salary increases to January of 2019 and January of 2020, respectively, which assists in offsetting the cost of a deferred compensation contribution during the term of the contract.
- The City will begin contributing $68 per month to a 457 deferred compensation account in the third year of the agreement.
- MTA employees will receive two management leave days, of which one is cashable, which will bring them more in line with other management and supervisory bargaining units.

Public Attorneys Union

- The substantive terms of the tentative agreements are summarized as follows:
- The three-year agreement between the City of Santa Monica and the PAU is effective July 1, 2017, through June 30, 2020.
- PAU employees will earn a total of a 4.5% salary increase over the three year contract. PAU employees will also receive five non-cashable leave days which brings this group in line with other professional bargaining units.
Confidential Unrepresented Employees

While there is no contract expiration for the CUE pay plan, this resolution would set salaries for CUE employees for a one-year period through June 30, 2018. Benefits and privileges as set forth in the MOU’s between the City and the bargaining unit to which the confidential unrepresented classifications are aligned.

The attached resolution accepts the tentative MOU agreements and CUE pay plan and authorizes the City Manager to execute the MOU’s.

Financial Impacts and Budget Actions

The total cost of the negotiated changes contained in the new agreements is approximately $2,842,088 for FY 2017-18. The budget impact of these changes was included in the FY 2017-18 through FY 2021-22 Five-Year Financial Forecast. The FY 2017-18 Adopted Budget includes General Fund appropriations in the Non-Departmental section. Funds will be transferred to the relevant accounts in the General Fund and appropriations for all other funds will be included in the FY 2017-18 Midyear Budget for Council approval.

Prepared By: Ericka Reinke, Senior HR Analyst

Approved Forwarded to Council

Donna Peter, Director 8/1/2017 Rick Cole, City Manager 8/2/2017

Attachments:

A. June 27, 2017 Staff Report Authorizing Terms of Agreement with Executive Pay Plan (Weblink)
B. July 11, 2017 Staff Report Authorizing Terms of Agreement with Police Officers Association (Weblink)
C. RESO-Labor MOUS 2017-2018  
D. ATA FY17-18 Salary Schedule  
E. MEA FY17-18 Salary Schedule  
F. PAU FY17-18 Salary Schedule  
G. STA FY17-18 Salary Schedule  
H. MTA FY17-18 Salary Schedule  
I. FIRE FY17-18 Salary Schedule