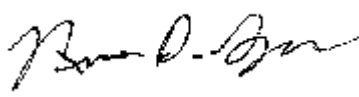


# City of Calistoga

## Staff Report

**TO:** Honorable Mayor and City Council  
**FROM:** Richard Spitler, City Manager   
**DATE:** October 26, 2011  
**SUBJECT:** Memorandum of Understanding between the City of Calistoga and the Calistoga Public Employees' Association

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2 **ISSUE:** To consider a Resolution authorizing the City Manager to execute a Memorandum  
3 of Understanding (MOU) between the City of Calistoga and the Calistoga Public  
4 Employees' Association (CPEA).

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6 **RECOMMENDATION:** Adopt Resolution.

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8 **DISCUSSION:** The City Council approved the FY 2011-2012 General Fund budget on  
9 June 21, 2011. Included in the budget was anticipated savings of \$172,840 from CPEA  
10 employee concessions. This was needed because of the financial condition of the City.

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12 After almost six months of negotiations, the attached MOU has been accepted by the  
13 CPEA. It includes the following changes in salaries and benefits:

- 14 1. A salary reduction of 5%;
- 15 2. Employees will pay 100% of the employee contribution to PERS (at 8% of their  
16 salary) which was previously paid by the City;
- 17 3. Grievance Procedures have been added to clarify the process;
- 18 4. The employee deduction for medical and dental will increase from 6% to 10%;
- 19 5. The longevity service bonus formula has been changed to reduce the lump sum  
20 payments at the 5<sup>th</sup>, 10<sup>th</sup> and 20<sup>th</sup> year of employment;
- 21 6. The City will implement a two-tier PERS retirement formula for new employees to  
22 change the formula from 2.5% at 55 with a one year highest average salary to a  
23 2% @ 60 with a three year average salary formula.

24 This agreement will be in effect through December 31, 2012 and will replace the expired  
25 MOU.

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27 **FISCAL IMPACT:** The total savings achieved by employee concessions total \$150,568 on  
28 an annualized basis (all funds). Due to implementation on November 1<sup>st</sup>, it will have the  
29 net effect of reducing expenditures for the remainder of this fiscal year by \$100,379.

- 32 **ATTACHMENTS:**
- 33 1. Draft Resolution
- 34 2. Memorandum of Understanding