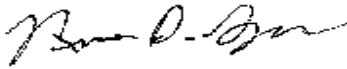


City of Calistoga

Staff Report

TO: Honorable Mayor and City Council
FROM: Richard Spitler, City Manager
DATE: July 16, 2013
SUBJECT: Memorandum of Understanding between the City of Calistoga and the Calistoga Public Employees' Association

APPROVAL FOR FORWARDING:



Richard Spitler, City Manager

1
2 **ISSUE:** To consider a Resolution authorizing the City Manager to execute a Memorandum
3 of Understanding between the City of Calistoga and Calistoga Public Employees'
4 Association.

5
6 **RECOMMENDATION:** Adopt Resolution approving a two-year Memorandum of
7 Understanding for the period of January 1, 2013 through December 31, 2014 between the
8 City of Calistoga and the Calistoga Public Employees' Association and authorize the City
9 Manager to execute the MOU.

10
11 **DISCUSSION:** The City's negotiating team and the Calistoga Public Employees'
12 Association (CPEA) conducted eight negotiating sessions before completing negotiations
13 and signing a tentative agreement on June, 27, 2013. The City received notice the CPEA
14 ratified the agreement on July 5, 2013. The City of Calistoga reached a tentative
15 agreement with the Calistoga Public Employees' Association (CPEA) for a two-year
16 Memorandum of Understanding (MOU). The bargaining unit is made up of 17 employees.
17 The proposed MOU contains the following changes from the prior agreement terms:

- 18
19 1. Compensation: Effective January 1, 2013, the unit will receive a wage adjustment of
20 2%.
21 2. Compensation: Effective January 1, 2014, the unit will receive a wage adjustment of
22 1%.

- 23 3. Article 15: Incentive Pays- Language has been cleaned up for clarification purposes
24 on who is eligible for incentive pays. Please refer to the attached MOU for a
25 complete explanation.
26 4. Article 21: Service Bonus - Has been renamed to Service Longevity Pay in place of
27 Service Bonus;
28 5. Article 22: Retirement – Implementation of Public Employees’ Pension Reform Act
29 (PEPRA) as required by California Public Employees’ Retirement System
30 (CalPERS) effective January 1, 2013.
31 6. Classification and Compensation Survey: On or around June 2014 the City shall
32 request proposals from a Professional Management Consultant to conduct a
33 classification and compensation survey.
34

35 During the labor negotiations of 2011 the City Council took several actions to reduce
36 expenditures which took effect November 1, 2011:

- 37 1. Eliminated funding for 14 positions, including 4 layoffs
38 2. Reduced City salaries by 15% which included higher contributions for health care
39 3. Reduced budget expenditures for supplies, materials and equipment
40 4. Implemented a reduced Public Employee Retirement System (PERS) for future
41 safety and non-safety employees and required all employees to pay the employee
42 PERS contributions
43

44 The total savings achieved by the CPEA employee group through concessions was
45 \$150,568 on an annualized basis (all funds) during the 2011 labor negotiations.
46

47 The City has improved financially since 2011 due to the above economic concessions by
48 employees, a general improvement in the economy (which brought in more revenue) and
49 receipt of development impact fees from new development which reduced dependency on
50 the general fund to cover debt payments.
51

52 **FISCAL IMPACT:** The fiscal impact of the Memorandum of Understanding changes is as
53 follows:

- 54 1. Employee Compensation:
55 a. Fiscal Year 2012/13 Anticipated Fiscal Impact: \$19,523
56 2. Employee Compensation:
57 a. Fiscal Year 2013/14 Additional Anticipated Fiscal Impact: \$26,100
58 b. Fiscal Year 2014/15 Additional Anticipated Fiscal Impact \$6,577
59 3. Incentive Pays
60 a. Fiscal Year 2013/14 No additional fiscal impact
61 b. Fiscal Year 2014/15 No additional fiscal impact
62 4. Service Longevity Pay:
63 a. Fiscal Year 2013/14 No additional fiscal impact

- 64 b. Fiscal Year 2014/15 No additional fiscal impact
- 65 5. Classification Retirement Implementation:
- 66 a. Fiscal Year 2013/14 No additional fiscal impact
- 67 b. Fiscal Year 2014/15 No additional fiscal impact
- 68 6. Classification and Compensation Survey:
- 69 a. Staff will be bringing this item back to council for approval of consultant and
- 70 expenditure. The fiscal year 2013-14 budget has appropriated \$50,000 for
- 71 the study (the total cost for all employees).
- 72

73 Employee compensation for FY 2012/13 will be expensed in FY 2013/14. The Fiscal Year
74 2014/15 additional anticipated expense is for the time period of July 2014 through
75 December 2014.

76
77 The fiscal impact for FY 2012/13 and FY 2013/14 has been appropriated in the FY
78 2013/14 budget which was adopted on June 18, 2013.

79
80 **ATTACHMENTS:**

- 81 1. Draft Resolution
- 82 2. Draft Memorandum of Understanding with Calistoga Public Employees'
- 83 Association