DATE: March 20, 2018

TO: City Council

THROUGH: Scott Whitney
Interim City Manager

FROM: Steve Naveau
Director of Human Resources

SUBJECT: Adoption of Successor Memorandum of Understanding with the Oxnard Public Safety Managers' Association Fire Unit.

CONTACT: Steve Naveau, Director of Human Resources
Steve.Naveau@oxnard.org, 385-7947

RECOMMENDATION:

That the City Council adopt the resolution approving a successor memorandum of understanding (MOU) with the Oxnard Public Safety Managers’ Association Fire Unit.

BACKGROUND

The attached agreement with the Fire Managers represents over three years of negotiations during which the City has faced significant fiscal challenges. The agreement includes employees picking up their portion of the CalPERS employee rate. This is consistent with the City’s goal as set forth in previous budget messages of balancing our need to remain competitive for quality employees with our need to stay within our financial parameters to ensure that the City remains on the road to fiscal health.

One of the City’s key goals through these negotiations was for employees to begin paying a portion of their pension costs. The City participates in the California Public Employees’ Retirement System (“CalPERS”) to provide pension benefits for its employees. CalPERS issues valuations each year which detail the annual contributions that the City and its employees are required to make towards pension costs. For “classic” miscellaneous employees, the required employee contribution is 7% of pensionable income. Although these are referred to as
“employee contributions,” the City and its bargaining units negotiated for the City to pay these amounts on behalf of employees years ago. Currently in this group, the City pays 100% of the employee share of CalPERS costs for employees hired before January 1, 2013.

The agreement which the City has negotiated with the Fire Managers achieves the goal of employees paying a portion of their share for retirement while providing modest wage increases. The deal points summarized below is the same deal in terms of wages, benefits and PERs pick up that the Firefighter contract currently contains. This maintains parity between the supervisor and subordinate bargaining units which is beneficial to the employees and the City as morale is maintained within the Fire Department. By the end of the term employees in the bargaining unit will receive a net 3.5% increase to their salary and a $60 per month increase to their City contribution towards medical premiums.

**SUMMARY OF MODIFICATIONS**

- **Term:** July 1, 2015 through August 31, 2018
- **Pension Contribution:** Classic employees will pay:
  - Effective the first full pay period following City Council adoption: 4.5% pension contribution
  - Effective June 30, 2018: .5% pension contribution
- **Salary:**
  - Effective the first full pay period following Council adoption employees will receive a 7% base wage increase.
  - Effective June 30, 2018 employees in the bargaining unit will receive a 1.5% base wage increase
- **Miscellaneous Terms:**
  - Increase monthly medical contribution by $60 per month
  - Add language paying employees who serve on a mutual aid assignment such as strike team leaders or who are backfilling a strike team member the ability to earn pay at time and a half subject to reimbursement by the State for their service.
  - A cap on tuition reimbursement of $5,000 per year.

**STRATEGIC PRIORITIES**

This agenda item is a routine operational item or does not relate to the four strategic plans adopted by City Council on May 17, 2016.

**FINANCIAL IMPACT**

The MOU agreements will result in an increase in salary expenses and benefits of approximately
$16,000 through August 31, 2018. This increase in cost has already been budgeted within the Fire Department budget and inclusive in future years forecast.

<INSERT BODY HERE>

ATTACHMENTS:

Attachment 1 - Fire Manager Resolution
Exhibit A Fire Manager MOU
Exhibit B Fire Manager MOU Lined Version
RESOLUTION NO. ______

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD APPROVING THE SUCCESSOR MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF OXNARD AND THE OXNARD PUBLIC SAFETY MANAGERS’ ASSOCIATION (FIRE UNIT) AND AUTHORIZING THE CITY MANAGER OR DESIGNEE TO TAKE THE NECESSARY ADMINISTRATIVE ACTIONS TO IMPLEMENT THE AGREEMENT

WHEREAS, the Oxnard Public Safety Managers’ (Fire Unit) is the recognized representative for employees occupying positions in the classifications specified Battalion Chief and Assistant Fire Chief within the City of Oxnard; and

WHEREAS, the City’s memoranda of understanding with the Oxnard Public Safety Managers’ Association (Fire Unit) expired June 30, 2015 and

WHEREAS, representatives of the City met and conferred in good faith with representatives of Oxnard Public Safety Managers’ Association (Fire Unit) concerning wages, hours, terms, and conditions of employment for employees in the bargaining unit consistent with their obligations under the Meyers-Milias-Brown Act; and

WHEREAS, the City has reached agreement with the Oxnard Public Safety Managers’ Association (Fire Unit) attached hereto as Exhibit A of this resolution (the “Memorandum of Understanding”) which sets forth the modified terms and conditions of employment for this bargaining unit.

NOW, THEREFORE, the City Council of the City of Oxnard resolves that the Memorandum of Understanding is adopted and the City Manager and/or his designee is directed to perform all acts necessary to implement its terms, including but not limited to executing the Memorandum of Understanding on behalf of the City.

PASSED AND ADOPTED this 20th day of March, 2018, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

____________________________________
Tim Flynn, Mayor

ATTEST:

_____________________________________________________________________
Michelle Ascencio, City Clerk

APPROVED AS TO FORM:

_____________________________________________________________________
Stephen Fischer, City Attorney
MEMORANDUM OF UNDERSTANDING
BETWEEN THE CITY OF OXNARD AND THE
OXNARD PUBLIC SAFETY MANAGERS' ASSOCIATION
(FIRE UNIT)

This Memorandum of Understanding (MOU) is entered into with reference to the following facts:

1. The Oxnard Public Safety Management Association (Association) is the recognized majority representative of the Fire Management Unit (Unit) consisting of the classifications of Battalion Chief and Assistant Fire Chief; and

2. The authorized representatives of the City of Oxnard (City) and the Association have met and conferred in good faith concerning wages, hours and other terms and conditions of employment of Unit employees.

3. The authorized representatives of City and the Association have reached an agreement as to wages, hours and other terms and conditions of employment of Unit employees which shall be submitted to the City Council for its determination. The implementation of this MOU shall be by action of the City Council by appropriate ordinance, resolution or other directives.

4. This MOU supersedes any and all prior agreements or MOUs entered into between the City and the Association, regarding the Unit.

THEREFORE, the City and the Association agree that upon implementation by the City Council, the wages, hours and other terms and conditions of employment for Unit employees shall be as follows:

1. The term of the MOU shall commence July 1, 2015, and shall expire August 31, 2018.

2. The City shall continue to contribute toward the payment of the premiums under the City’s health insurance program on behalf of each eligible Unit employee and, to the extent required by law, each eligible retiree.

3. The City shall continue to pay 100 percent of the premiums for employee-only coverage under the existing level of benefits for life and long-term disability insurance for Unit employees.

4. The City shall continue to pay $160.06 biweekly for each Unit employee as the City’s contribution toward City’s Health and Dental Insurance Reimbursement Program (Cafeteria Program) for Unit employees (includes $129.23 for medical and $30.83 for dental). Effective the first full pay period following January 1, 2017, the City’s contributions towards the Cafeteria Plan shall increase by sixty dollars ($60.00) per month, or twenty seven dollars and sixty nine cents ($27.69), per pay period based on a twenty-six (26) pay period cycle. This increase will be applied retroactively upon ratification of this agreement.

Unit employees employed in the classifications of Battalion Chief and Assistant Fire Chief, as defined in Government Code section 20425, who were (i) hired on or before December 31, 2012 or (ii) qualify as “classic” members of CalPERS and were hired on or after January 1, 2013 shall be covered by the 3% at age 50 retirement formula set forth in California Government Code section 21362.2,
Effective the first pay period following Association ratification and City Council adoption of this agreement, employees who are “classic” members of CalPERS shall pay four and one half percent (4.5%) of pensionable compensation towards the employee share of PERS costs. This shall be paid by the employee by payroll deduction. This payment by employees shall be made on a pre-tax basis pursuant to Section 414(h)(2) of the Internal Revenue Code. The remaining required employee retirement contribution, equal to four and one half percent (4.5%) of pensionable compensation shall be paid by the City. The City shall report to PERS as compensation earnable pursuant to California Government Code section 20636(c)(4) its payment of a portion of employee retirement contributions.

Effective June 30, 2018, employees who are “classic” members of CalPERS shall pay an additional one-half percent (0.5%) of pensionable compensation towards the employee share of PERS costs, for a total contribution of five percent (5.0%). This shall be paid by the employee by payroll deduction. This payment by employees shall be made on a pre-tax basis pursuant to Section 414(h)(2) of the Internal Revenue Code. The remaining required employee retirement contribution, equal to four percent (4.0%) of pensionable compensation shall be paid by the City. The City shall report to PERS as compensation earnable pursuant to California Government Code section 20636(c)(4) its payment of a portion of employee retirement contributions.

5. The City shall continue to contribute one percent (1%) of employees' base wages to a deferred compensation plan on behalf of each Unit employee. Employees are responsible to enroll in a deferred compensation program and contribute at least one percent (1%) of their earnings to be eligible to receive this compensation. Employees not enrolled shall not receive any City contribution to deferred compensation.

6. Based upon the semiannual evaluation of performance by the Fire Chief, a Unit employee may be awarded up to one (1) day off every six (6) months for outstanding performance. This leave is in addition to administrative leave which is available as set forth in the City of Oxnard Administrative Manual.

   a. Performance leave time awarded and not used by the Unit employee within the six-month period following the award of the performance leave is forfeited and may not be accumulated or carried forward. Eligibility for such performance leave shall be determined by the Fire Chief.

7. At the discretion of the Fire Chief, unit employees may be permitted to code leave time as administrative leave. However, at no time shall any employee be entitled to use more than fifty-six (56) hours of administrative leave in any one fiscal year.

8. Effective February 10, 2015, new Unit members will no longer be permitted to establish a Reserve Leave Fund (RLF). Current Unit members who have previously established an RLF will be permitted to maintain the balance of their RLF. Employees will not be permitted to move any additional accrued leave into their RLFs. In no event shall the transfers permitted under this section, Article 12(2), or the combination of such transfers cause an employee’s RLF balance to exceed the previously-authorized maximum of 1,560 hours.
An employee has the option to use his or her RLF balance to cover leaves of absence, consistent with the restrictions placed on the use of annual leave set forth in Article 12. In addition, an employee may cash out 100% of the balance of his or her RLF upon separation from City service, provided that the employee has a minimum of five (5) years of regular full time service with the City.

9. Annual Leave:

1. a. The City shall provide annual leave benefits to Unit employees as follows:

   i. Full-time regular Unit employees shall accrue annual leave for each biweekly period upon years of service as set forth in the following table:

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   b. Except as provided below, if a Unit employee accrues the maximum level of annual leave, such employee shall no longer be entitled to accrue additional annual leave until such time as the employee’s accrued annual leave is below the applicable maximum.

   c. A Unit employee may redeem accrued annual leave for cash once during each calendar year by submitting a written request to the Director of Human Resources during the month of July or December according to the following table. The payment shall be made based upon the employee’s base rate of pay.

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d. If a Unit employee separates from service, the employee shall be paid for accrued annual leave at the employee's base rate of pay earned as of the effective date of separation from City service.

e. The City Manager may waive the maximum amount of annual leave authorized to be carried forward under extraordinary circumstances, subject to such conditions as the City Manager may deem appropriate.

f. The City will redeem one hundred percent (100%) of such current unused unredeemed vacation leave accruals, not to exceed 600 hours for each account, upon any separation from service to those employees with a minimum of five years of regular full-time service, at time of separation, at the employee's base rate of pay being earned as of the effective date of separation from City service. Effective February 10, 2015, employees will not be permitted to transfer vacation or sick leave to their RLFs.

10. The City and the Association agree to continue the Physical Fitness and Wellness Program (Program). Participation in the program by Unit employees shall be mandatory. Each Unit employee shall be eligible for Wellness reimbursement in accordance with the then applicable City wide wellness policy, which is currently $500 per fiscal year.

11. The City and the Association agree to continue the Drug and Alcohol Testing Program developed with the Association with respect to Unit employees.

12. All Unit employees shall be required sign a “Statement of Acceptance” and refrain from using tobacco products as a term and condition of employment and of continued employment. Violation of the Non-Tobacco Use Policy set forth herein may be the basis for progressive disciplinary
action if subsequent violations occur within one year of a prior offense. Employees hired prior to January 1, 1998 are exempted from this provision, but are encouraged to participate.

13. The annual recurring occasions which shall be observed as City holidays for the Unit employees are as follows:

   New Year's Day (January 1st)
   Martin Luther King, Jr. Day (3rd Monday in January)
   Presidents' Day (3rd Monday in February)
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14. Any unit employee assigned as a Strike Team Leader or Strike Team Leader Trainee or who is serving in any other Mutual Aid Assignment shall be paid at one and one half time the normal salary for hours worked in these positions outside of their regular shift(s). Effective July 14th, 2017, any unit employee who is assigned to an additional shift to backfill for an employee who has been assigned as a Strike Team Leader or Strike Team Leader Trainee or who is serving in a Mutual Aid Assignment shall be paid at one and one half time the normal salary for hours worked in such an assignment. This backfill pay will be applied retroactively upon ratification of this agreement. This pay rate shall apply only to incidents where costs are reimbursed by the State and/or Federal Government. Employees shall not be entitled to pay at one and one half time their normal salary for hours worked during their regular shifts and only one employee (either the employee on assignment or the employee backfilling for the employee on assignment) shall be eligible for this one and one half time pay rate per shift. In addition, employees in the classification of Battalion Chief may be assigned, at the discretion of the Fire Chief, to additional shifts outside of their regular schedule and be compensated at the employee's regular hourly rate for such overtime work at straight time. Except as set forth above, employees in this bargaining unit are ineligible for overtime compensation.

   a. Effective the first pay period following Association ratification and City Council adoption of this agreement, all unit employees shall receive a seven percent (7.0%) base wage increase.

   b. Effective June 30, 2018, all unit employees shall receive a one and a half percent (1.5%) wage increase.

15. Management Incentive Pay

   a. Fire Managers that engage primarily in administrative duties while working in a regular full-time position in Fire Administration shall receive a managerial incentive pay in the amount of five (5%) percent. The provision does not apply to Unit employees assigned to temporary modified duty (TMD).
b. When a unit employee assigned to administrative duties is called to work in a suppression/shift assignment in addition to their administrative duties, such employee shall be paid based upon an hourly rate of pay calculated by dividing the employee's biweekly compensation, including the afore-stated managerial incentive pay, by 112 hours (instead of 80 hours).

16. Tuition reimbursement shall be provided at the rate up to $20,000 for an approved course, paid at a maximum of $5,000 per year over four years, provided the employee attends an accredited institution, receives a "C" or better, or passes the class if the criteria is pass/fail, and as long as the course work benefits the employee towards completion of a degree (e.g., B.A., M.B.A.) or benefits the employee's career development. $5,000 is the maximum reimbursement the employee may receive per year.

Dated this 26 day of February 2018.

For the City of Oxnard

_________________________
Scott Whitney
Interim City Manager

For the Association

_________________________
Alex Hamilton, Assistant Fire Chief
President, OPSMA - Fire

_________________________
Steve Naveau
Director of Human Resources
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Thanksgiving Day (4th Thursday in November)
Christmas Eve (December 24th) (1/2 day holiday)
Christmas Day (December 25th)
New Year’s Eve (December 31st) (1/2 day holiday)

14. Any unit employee assigned as a Strike Team Leader or Strike Team Leader Trainee or who is serving in any other Mutual Aid Assignment shall be paid at one and one half times the normal salary for hours worked in these positions outside of their regular shift(s). Effective July 14th, 2017, any unit employee who is assigned to an additional shift to backfill for an employee who has been assigned as a Strike Team Leader or Strike Team Leader Trainee or who is serving in a Mutual Aid Assignment shall be paid at one and one half times the normal salary for hours worked in such an assignment. This backfill pay will be applied retroactively upon ratification of this agreement. This pay rate shall apply only to incidents where costs are reimbursed by the State and/or Federal Government. Employees shall not be entitled to pay at one and one half times their normal salary for hours worked during their regular shifts and only one employee (either the employee on assignment or the employee backfilling for the employee on assignment) shall be eligible for this one and one half time pay rate per shift. In addition, employees in the classification of Battalion Chief may be assigned, at the discretion of the Fire Chief, to additional shifts outside of their regular schedule and be compensated at the employee’s regular hourly rate for such overtime work at straight time. Except as set forth above, employees in this bargaining unit are ineligible for overtime compensation.

a. Effective the first pay period following Association ratification and City Council adoption of this agreement, all unit employees shall receive a seven percent (7.0%) base wage increase.

b. Effective June 30, 2018, all unit employees shall receive a one and a half percent (1.5%) wage increase.

15. Management Incentive Pay

a. Fire Managers that engage primarily in administrative duties while working in a regular
full-time position in Fire Administration shall receive a managerial incentive pay in the amount of five (5%) percent. The provision does not apply to Unit employees assigned to temporary modified duty (TMD).

b. When a unit employee assigned to administrative duties is called to work in a suppression/shift assignment in addition to their administrative duties, such employee shall be paid based upon an hourly rate of pay calculated by dividing the employee’s biweekly compensation, including the afore-stated managerial incentive pay, by 112 hours (instead of 80 hours).

16. Tuition reimbursement shall be provided at the rate up to $20,000 for an approved course, paid at a maximum of $5,000 per year over four years, provided the employee attends an accredited institution, receives a “C” or better, or passes the class if the criteria is pass/fail, and as long as the course work benefits the employee towards completion of a degree (e.g., B.A., M.B.A.) or benefits the employee’s career development. $5,000 is the maximum reimbursement the employee may receive per year.

Dated this ______ day of ______, 2018.

For the City of Oxnard

Scott Whitney
Interim City Manager

For the Association

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Alex Hamilton, Assistant Fire Chief
President, OPSMA - Fire

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Steve Naveau
Director of Human Resources