

**MEMORANDUM OF
UNDERSTANDING
(MOU)**

**San Fernando
Management Group
(SFMG)**



**City of San Fernando
(City)**

MOU TERM

July 1, 2015 – June 30, 2018

CITY CONTRACT NO.

1796

ADOPTION DATE

September 21, 2015

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ARTICLE 1 INTRODUCTION

1.01 PREAMBLE

This contract (hereinafter referred to as "Memorandum of Understanding" or "MOU") is entered into by and between employee and staff representatives of the Service Employees International Union (SEIU), Local 721, San Fernando Management Group (hereinafter referred to as "SFMG, SEIU/Local 721") and representatives of the City Council of the City of San Fernando (hereinafter referred to as "City"). This MOU has, as its purpose, the promotion of fair and harmonious relations between the City and SFMG, SEIU/Local 721 and its members, the establishment of a fair, just, equitable, and peaceful procedure for the resolution of problems and differences, and the establishment of wages, hours and working conditions and other conditions of employment that, in any way, affect the employees within this bargaining unit.

1.02 RECOGNITION

The City recognizes the San Fernando Management Group as the exclusive bargaining representative of the employees in this unit, subject to the right of an employee to self-representation. The term "unit employee" or "unit employees" is used to refer to those employees in the following classifications: Administrative Analyst, Management Analyst and Personnel Manager, and such other classifications as may, from time to time, be added to the unit by the City.

1.03 IMPLEMENTATION OF THE MEMORANDUM OF UNDERSTANDING (MOU)

This MOU constitutes an agreement and joint recommendation for approval by the City Council and the general membership of SFMG, SEIU/Local 721. This MOU shall be binding upon the parties, whenever the following conditions are met:

1. SFMG, SEIU/Local 721 has notified the City Council that its members have formally approved this contract in its entirety; and
2. The City Council has approved this MOU in its entirety.

Whenever any ordinance, rule, regulation, resolution or other action is required for the implementation of this MOU, such ordinance, rule, regulation, etc. will provide for an effective date the same as provided for in this MOU or make other equivalent provisions therefore.

Except as specifically provided herein, the parties (SFMG, SEIU/Local 721 and representatives of the City) to this MOU do not waive their rights to meet and confer in good faith during the term of this MOU with respect to any other matters within the scope of the meet and confer process.

ARTICLE 2 TERM

2.01 TERM

This MOU shall be effective beginning 12:00 a.m. on July 1, 2015, and shall terminate at 11:59 p.m. on June 30, 2018.

Either party (SFMG, SEIU/Local 721 or Representatives of the City) to this agreement wishing to negotiate a successor MOU shall deliver to the other party by April 1, 2018, a formal proposal to reopen negotiations along with a list of negotiable working conditions proposed for meeting and conferring.

ARTICLE 3 CITY RIGHTS

3.01 CITY RIGHTS

The rights of the City include, but are not limited to, the exclusive right to determine the mission of its constituent departments, commissions, and boards; set standards of service; determine the procedures and standards of selection for employment and promotion; direct its employees; take disciplinary action; relieve its employees from duty because of lack of work or for other legitimate reasons; maintain the efficiency of governmental operations; determine the method, means, and personnel by which government operations are to be conducted; determine the content of job classifications; take all necessary actions to carry out its mission in emergencies; and exercise complete control and discretion over its organization and technology of performing its work, unless and only to the extent that the provisions of this MOU specifically curtail or limit such rights, powers, and authority.

ARTICLE 4 EMPLOYEE RIGHTS

4.01 EMPLOYEE RIGHTS

Employees of the City shall have the right to form, join, and participate in the activities of the employee organizations of their own choosing for the purpose of representation on all matters of employer-employee relations including but not limited to wages, hours, and other terms and conditions of employment. Employees of the City also shall have the right to refuse to join or participate in the activities of employee organizations and shall have the right to represent themselves individually in their employment relations with the City. No employee shall be interfered with, intimidated, restrained, coerced, or discriminated against by the City or by any employee organization because of the exercise of these rights.

ARTICLE 5 SALARY

5.01 COST OF LIVING ADJUSTMENT/EQUITY ADJUSTMENTS

The base salary for each represented unit classification shall be adjusted as follows:

- Effective on the first day of the first pay period beginning after July 1, 2015 (i.e. July 11, 2015), the base salary for each represented unit classification shall be increased by two percent (2.0%).
- Effective on the first day of the first pay period beginning after July 1, 2016, the base salary for each represented unit classification shall be increased by one percent (1.0%).
- Effective on the first day of the first pay period beginning after July 1, 2017, the base salary for each represented unit classification shall be increased by two percent (2.0%).

5.02 DEFINITIONS

As used in this MOU, "Base Salary" means the salary classification, range, and step to which an employee is assigned. It excludes any additional allowances, special pays and non-cash benefits. As used in this MOU, "Regular Rate of Pay" shall be as defined in the Fair Labor Standards Act.

5.03 CALCULATION OF BENEFITS

If applicable, benefits that are percentage of base salary will be applied to the employee's base salary only. If an employee is entitled to multiple percentage based benefits, each benefit will be calculated against base salary independently (i.e., benefits will not be compounded).

ARTICLE 6 LONGEVITY PAY

6.01 LONGEVITY

1. The City shall continue to pay longevity to unit employees that have completed 10 years of service from date of hire, an additional 3% above the base salary step for each employee.
2. The City shall continue to pay longevity to unit employees that have completed 20 years of service from date of hire, a total of 4% over and above the base salary.
3. The City shall continue to pay longevity to unit employees that have completed 30 years of service from date of hire, a total of 5% over and above the base salary.

Any unit employee on leave of absence without pay with the exception of Family & Medical Leave (FMLA), shall not have such leave time credited as service time for purposes of calculating the years of service.

ARTICLE 7 BILINGUAL PAY

7.01 BILINGUAL

The City shall provide Bilingual Pay in the amount of \$100 per month to employees that satisfy the following conditions:

1. The employee has satisfactorily demonstrated to the City his/her fluency in the Spanish language, based on written and/or oral testing procedures as selected by the City; and
2. The employee is required, in the normal course of his/her duties, to communicate in Spanish with members of the public, as determined by the Department Head and approved in writing by the City Manager.

ARTICLE 8 EMPLOYEE AND RETIREE INSURANCE BENEFITS

8.01 MEDICAL, DENTAL, AND VISION INSURANCE FOR ACTIVE EMPLOYEES

The City contracts with the California Public Employees' Retirement System (PERS) for medical insurance coverage. Eligible new hires are covered under the program on the first day of the month following enrollment. The City will contribute the Public Employee's Medical and Hospital Care Act (PEMHCA) statutory minimum on behalf of each participant in the program. A participant is defined as:

1. An enrolled employee and eligible dependents;
2. An enrolled retiree and eligible dependents; and
3. A surviving annuitant.

The City shall implement a full flex cafeteria plan in accordance with IRS Code Section 125 for all active employees. Unit employees shall receive a monthly flex dollar allowance to purchase medical, dental and vision benefits offered through the City's insurance plans.

The monthly flex dollar allowance, inclusive of the statutory PEMHCA minimum, shall be:

	January 1, 2016	January 1, 2017	January 1, 2018
Opt Out:	\$750	\$765	\$780
Employee only:	\$750	\$765	\$780
Employee + 1:	\$1,300	\$1,325	\$1,350
Family:	\$1,750	\$1,785	\$1,820

The monthly flex dollar allowance may be used in accordance with the terms of the cafeteria plan to purchase benefits offered under the cafeteria plan and other supplementary products. After enrolling in a mandatory medical insurance plan, or opting out under the "Opt Out" provision below, the employee has the option to waive the other benefits and have the excess flex dollars converted to taxable income or purchase other supplementary products.

In the event that premiums and/or costs for the selected benefits exceed the monthly flex dollar allowance, the balance will be paid by the employee through automatic pre-tax payroll deduction, as permitted under IRS Code Section 125.

If any other bargaining unit negotiates a flex dollar allowance that exceeds the amounts identified above, the City will adjust the flex dollar allowance for SFMG to match the higher flex dollar amount.

Opt Out

Unit employees may elect to discontinue participation in the PERS Health Plan medical insurance coverage ("Opt Out"). The intent of this provision is to share premium savings that the City will incur as a result of a unit employee canceling City coverage.

Unit employees electing to waive City medical insurance coverage for themselves and all eligible family members must provide proof of coverage through another (non-City) benefit plan (e.g., spouse's coverage through another employer), and must waive any liability to the City for their decision to cease coverage under the City's medical insurance plan.

Upon proof of other coverage, unit employees may elect to waive the City's medical insurance and use the above allotted single-party (Employee only) flex dollars toward other items in the full flex cafeteria plan or convert it to taxable income.

After electing to Opt Out, a unit employee who later requests to re-enroll under the City plan can only do so during the open enrollment period or after a qualifying event as permitted by the insurance carrier and Cafeteria Plan regulations.

For medical insurance plans, when a unit employee is the spouse of another benefited City employee, the affected employees shall have the option of:

- a. Each employee may elect a flex dollar amount of a single employee;
- b. One (1) employee may select a plan and list the spouse as a dependent under the two-party or family coverage, as applicable and the remaining employee may opt-out as outlined above.

8.02 MEDICAL INSURANCE FOR RETIREES

Effective upon approval of the necessary Resolution(s) by CalPERS, the City will create a three (3) tier structure for retiree medical insurance. The City will adopt a Resolution to implement a ten (10) year retiree medical insurance vesting schedule, pursuant to the provisions of California Government Code Section 22893.

1. Retiree Medical Tier I: Employees retired on or before June 30, 2015:
 - a. If retired on or before December 31, 2012, 100% paid medical insurance benefits for employee and eligible dependents.
 - b. If retired on or after January 1, 2013, 100% paid medical insurance for employee and eligible dependents, excluding PERS Care plan, if the most expensive.
2. Retiree Medical Tier II: Employees hired on or before June 30, 2015 and retire on or after July 1, 2015:
 - a. If the employee meets the vesting schedule set forth in California Government Code Section 22893, 100% paid medical insurance benefits for whatever plan is selected by the employee for himself and eligible dependents, except PERS Care, if the most expensive.
3. Retiree Medical Tier III: Employees hired on or after July 1, 2015:
 - a. If the employee meets the vesting schedule set forth in California Government Code Section 22893, PEMHCA minimum (currently \$122 per month for 2015).

8.03 RETIREE HEALTH SAVINGS ACCOUNT

Unit employees that are in Retiree Medical Tier III as described above will receive a contribution from the City of \$100 per month into a Retiree Medical Trust (RMT) or Retiree Health Savings (RHS) Plan, whichever is designated by the City. Any unit member may elect to contribute an additional amount to the RMT or RHS, at its option. The City will work to implement a RMT or RHS prior to June 30, 2016.

8.04 LIFE INSURANCE

The City shall continue to provide all unit employees with a \$50,000 Basic Life and AD&D insurance policy at no cost to the employee.

ARTICLE 9 RETIREMENT BENEFITS

9.01 RETIREMENT BENEFITS

The City shall provide retirement benefits to eligible unit employees through the California Public Employees' Retirement System (CalPERS) as follows: The definition of "new" member and "classic" member are set forth in the Public Employee Pension Reform Act of 2013 (PEPRA).

First Tier: "Classic" members hired prior to November 12, 2005 will receive the 3% at 60, single highest year compensation retirement calculation.

Second Tier: "Classic" members hired on or after November 12, 2005 will receive the 2% at 55, final 36-month average compensation retirement calculation.

Third Tier: "New" members hired on or after January 1, 2013 will receive the 2% at 62, final 36-month average compensation retirement calculation.

In accordance with the existing contracts with CalPERS, the City shall continue to provide the following retirement benefits to unit employees:

- a. Fourth Level of 1959 Survivor Benefits for unit employees (Government Code Section 21574).
- b. 5% Cost of Living Allowance (COLA) for unit employees hired on or before November 12, 2005; and 3% COLA for unit employees hired after November 12, 2005 (Government Code Section 21335).
- c. Credit for unused sick leave for unit employees as per CalPERS guidelines (Government Code Section 20965).

9.02 EMPLOYER PAID MEMBER CONTRIBUTIONS

Effective upon CalPERS' approval of the necessary Resolutions, but not before the payroll period including July 1, 2015, the City shall pay 6.0% for First Tier CalPERS members and 5.5% for Second Tier CalPERS members toward the employee's required CalPERS contribution.

Effective on the first day of the payroll period including July 1, 2016, the City shall pay 8.0% for First Tier CalPERS members and 7.0% for Second Tier CalPERS members toward the employee's required CalPERS contribution.

The City's payments, above, shall be treated as a "pick up" of employee contributions pursuant to IRC 414(h)(2).

The City shall continue to report the value of the Employer Paid Member Contribution to CalPERS as compensation earnable on behalf of each employee, pursuant to California Government Code Section 20636(c)(4).

In accordance with PEPRA, "New" CalPERS members shall pay, by pre-tax payroll deduction, the full employee contribution of 50% of the total normal cost.

ARTICLE 10 MANAGEMENT LEAVE

10.01 MANAGEMENT LEAVE

Management leave provides a means of compensation for hours worked by exempt employees beyond their normal work schedule. The City shall provide eighty (80) hours Management Leave per year credited each January 1. Management Leave must be used in the year earned and cannot be carried over from one calendar year to the next. Unused management leave hours will be cashed out in December of each year at the employee's current rate of pay. At the time of separation, any unused management leave hours will be paid at the employee's current rate of pay.

ARTICLE 11 ANNUAL LEAVE

11.01 ANNUAL LEAVE

Unit employees earn Annual Leave in lieu of vacation and sick leave. Annual Leave is intended to provide time for an employee to be away from the work environment and to enable such employee to return to work mentally and physically refreshed.

The City shall provide for Annual Leave to accrue on a payroll to payroll basis prorated in accordance with the following rates.

- 0 – 4 years of City service: 6.15 hours per pay period (160/year)
- 5 – 9 years of City service: 7.69 hours per pay period (200/year)
- 10 or more years of City service: 9.23 hours per pay period (240/year)

Unit employees who have pre-existing sick leave and/or vacation accrual balance shall convert sick leave to annual leave at the rate of one hour of sick leave to 0.5 hours of annual leave; and convert vacation to annual leave at the rate of one hour of vacation to one hour of annual leave.

Unit members may, at the employee's discretion, accrue up to eight hundred (800) hours of Annual Leave. Upon the employee's separation from City service, the employee shall be compensated for any unused Annual Leave at his or her regular rate of pay.

ARTICLE 12 HOLIDAY LEAVE

12.01 HOLIDAY LEAVE

Each unit employee shall be entitled to the following holidays with pay (8 hours per holiday):

- | | |
|--------------------------------------|-----------------------------|
| (1) New Year's Day | (7) Labor Day |
| (2) Martin Luther King, Jr. Birthday | (8) Veteran's Day |
| (3) President's Day | (9) Thanksgiving Day |
| (4) Cesar Chavez's Birthday | (10) Day after Thanksgiving |
| (5) Memorial Day | (11) Christmas Day |
| (6) Independence Day | (12) Floating Holiday |

Floating holiday hours are credited each January 1 and must be used before December 30. Unused floating holiday hours are not carried forward.

ARTICLE 13 MODIFIED WORK SCHEDULE

13.01 MODIFIED WORK SCHEDULE

Unit employees shall operate on a work schedule that allows an employee to work at least forty (40) hours during a work week, depending on their chosen work schedule, with various starting and ending times based upon the needs of the City. Unit employees shall not be required to charge their accrued leave time hours for payroll computation, provided at least forty (40) hours have been worked in that week.

ARTICLE 14 TUITION REIMBURSEMENT

14.01 TUITION REIMBURSEMENT

The City shall reimburse unit employees for pre-approved courses to a maximum of \$3,000 per fiscal year. Approval must be obtained from the City Manager prior to enrolling in the course. Requests for reimbursement and approval must be in accordance with the City's policy on tuition reimbursement.

Tuition reimbursement shall be contingent upon employee satisfactorily completing course(s) with a minimum of a "B" grade and commit to continued service (employment) to the City of San Fernando for the equivalent of the school units, not to exceed two (2) years.

ARTICLE 15 MILEAGE REIMBURSEMENT

15.01 MILEAGE REIMBURSEMENT

Unit employees who are required by the City to use their private vehicles for City business shall be reimbursed for mileage at the prevailing IRS rate.

ARTICLE 16 ACTING PAY

16.01 ACTING PAY

Unit employees who, by written assignment, perform the duties of a position with a higher salary classification than that in which they are regularly employed shall receive the compensation specified for the position to which assigned, if performing the duties thereof for a period of fifteen (15) or more consecutive work days. The increased compensation shall be retroactive to the first day of said assignment, and at the step within the higher classification as will accord the employee an increase of at least 5% of his or her current regular compensation.

ARTICLE 17 DISCIPLINARY PROCEDURES

17.01 DISCIPLINARY PROCEDURES

Those unit employees who are a part of the competitive service can only be disciplined under the disciplinary procedures set forth in Rule XV of the City of San Fernando Personnel Rules and Regulations.

ARTICLE 18 LAYOFFS

18.01 LAYOFFS

Layoff of unit employees shall be done in compliance with City of San Fernando Personnel Rules and Regulations, Rule XIII.

ARTICLE 19 BEREAVEMENT LEAVE

19.01 BEREAVEMENT LEAVE

Employees shall be permitted to use up to five (5) days paid days of bereavement leave following the death of an immediate family member and one (1) paid day following the death of an extended family member.

For the purposes of implementing this benefit, "Immediate Family" shall mean grandparent, parent, child, spouse, sibling, or registered domestic partner as permitted by California law, or any person living in the household. Proof of residence may be required. "Parent" shall mean biological, foster, or adoptive parent, stepparent, legal guardian or person who has parental rights to employee. "Child" shall mean a biological, adopted, or foster child, stepchild, legal ward or a child of a person who has parent's rights.

For the purpose of implementing this benefit, "Extended Family" shall mean: Aunts, Uncles, and Cousins, god-parents or god-parent equivalent.

The City Manager may authorize additional days of leave for bereavement purposes on an as-needed basis.

ARTICLE 20 OTHER PROVISIONS

20.01 OTHER PROVISIONS

The City will complete a Classification and Compensation study by June 30, 2016. Survey cities will be selected based on a number of criteria, including, but not limited to, population, types of service provided by staff, and relative size of budget. SFMG may submit a written request to re-open the MOU to discuss salary adjustments after the Classification and Compensation study is complete.

20.02 POSITION RECLASSIFICATION

In recognition of expanded duties and responsibilities, the City will reclassify the Administrative Analyst position to a Management Analyst position. In order to maintain equitable separation (i.e. a minimum of 5%) between the Administrative Analyst and Management Analyst positions, the salary range for Management Analyst (54M) will be increased by three tenths of one percent (0.3%).

ARTICLE 21 DEDUCTIONS

21.01 DEDUCTIONS

The City agrees that if individual members of the bargaining unit authorize in writing the deduction from their pay checks of dues to SEIU Local 721, the monies deducted will be remitted to SEIU Local 721.

ARTICLE 22 PROVISIONS OF LAW AND SEVERABILITY

22.01 PROVISIONS OF LAW AND SEVERABILITY

The parties agree that this MOU is subject to all current and future applicable federal, state, and local laws.

If any article, part, or provision of this MOU is in conflict with or inconsistent with applicable provisions of federal, state or local law or is otherwise held to be invalid or unenforceable by a court of competent jurisdiction, such article, part, or provision thereof shall be suspended or superseded by such applicable law or regulation, and the remainder of the MOU shall not be affected thereby.

ARTICLE 23 GRIEVANCE PROCEDURES

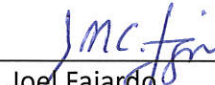
23.01 GRIEVANCE PROCEDURES

The City will process grievances in accordance with the City's established Personnel Rules.


ARTICLE 24 SIGNATURE PAGE

CITY OF SAN FERNANDO

SAN FERNANDO MANAGEMENT GROUP
(SFMG)

 23 SEPT 2015

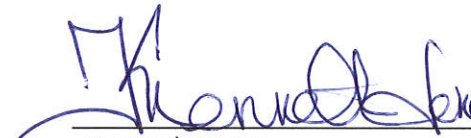
Joel Fajardo Date
Mayor



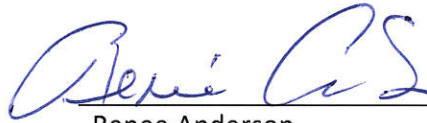
Brian Saeki Date
City Manager

 9/22/15

Michael Okafor Date
SFMG Member

 9-22-15

Kenneth Jones Date
SFMG Member

 9/28/15

Renee Anderson Date
SEIU Local 721