
File #: 2025-4407

Agenda Date: 7/23/2025

Agenda Item No: 2.

FROM: Laura Drottz Kalty, Chief Negotiator
Originator: Laura Maravilla, Director of Human Resources

SUBJECT:

SUCCESSOR MEMORANDA OF UNDERSTANDING FOR THE ORANGE COUNTY EMPLOYEES ASSOCIATION

CHIEF NEGOTIATOR'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Adopt Resolution No. OC SAN 25-06, entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving the Memoranda of Understanding (MOUs) between the Orange County Sanitation District and the Orange County Employees Association (OCEA), for Fiscal Years 2025/2026, 2026/2027 & 2027/2028"; and
- B. Direct staff to finalize and sign the Memoranda of Understanding (MOUs) between Orange County Sanitation District and the three (3) OCEA bargaining units.

BACKGROUND

The MOUs between the Orange County Sanitation District (OC San) and the three (3) OCEA bargaining units that became effective on July 1, 2022, expired on June 30, 2025. On September 25, 2024, the Board of Directors selected Laura Drottz Kalty of Liebert Cassidy Whitmore to serve as its Chief Negotiator to negotiate successor agreements with all recognized employee organizations. Subsequently, on November 20, 2024, the Steering Committee provided Ms. Kalty with negotiating parameters and authority to commence negotiations.

OCEA submitted its initial proposal for successor MOUs on March 27, 2025. OCEA and OC San have met and conferred in good faith seven (7) times since receiving the initial proposal.

On June 4, 2025, OC San and OCEA reached a Tentative Agreement on the terms and conditions of employment for the three (3) bargaining units represented by OCEA, as set forth in successor MOUs being presented for final approval and adoption by the OC San Board of Directors.

On June 25, 2025, the Board of Directors authorized Ms. Kalty to proceed with a three-year contract and salary increases for OCEA as follows: 4.5% for the first year, 4.5% for the second year, and 3.0% for the final year of the contract. This includes corresponding salary range adjustments effective the first full pay period in July for each year of the contract, with the first increase to commence in July 2025.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent
- Offer competitive compensation and benefits
- Cultivate a highly qualified, well trained, and diverse workforce
- Negotiate fair and equitable labor agreements
- Maintain positive employer-employee relations
- Provide professional growth & development

PROBLEM

The MOUs between OC San and the three (3) OCEA bargaining units that became effective on July 1, 2022, expired on June 30, 2025. OC San has a legal duty to bargain in good faith and, upon reaching full and final agreement on successor MOUs with a bargaining group, approval must be obtained from its governing body.

PROPOSED SOLUTION

Adopt Resolution No. OC SAN 25-06, entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving the Memoranda of Understanding (MOUs) between the Orange County Sanitation District and the Orange County Employees Association (OCEA), for Fiscal Years 2025/2026, 2026/2027 & 2027/2028".

TIMING CONCERNS

OC San and OCEA have bargained in good faith and have reached a tentative agreement on successor MOUs that shall go into effect July 2025, contingent on Board approval.

RAMIFICATIONS OF NOT TAKING ACTION

Some of the impacts of not approving successor labor agreements include labor instability, employee morale, and impasse.

PRIOR COMMITTEE/BOARD ACTIONS

On September 25, 2024, the Board of Directors authorized staff to execute an agreement with Ms. Kalty of Liebert Cassidy Whitmore to serve as OC San's Chief Negotiator. This action was taken pursuant to OC San's Purchasing Ordinance No. OC SAN-61.

In preparation for and during the meet and confer process, Ms. Kalty received direction for labor negotiations with OCEA from the Steering Committee and the Board of Directors.

The OCEA meet and confer process was agendized for discussion in Closed Session at the following Committee/Board meetings:

- March 26, 2025 - Steering Committee and Board Meeting
- April 23, 2025 - Steering Committee and Board Meeting

- May 28, 2025 - Steering Committee and Board Meeting
- June 25, 2025 - Steering Committee and Board Meeting

ADDITIONAL INFORMATION

OCEA is the recognized employee organization certified to provide exclusive representation over wages, hours of work, and other terms and conditions of employment for 92 non-exempt OC San employees spread across three (3) bargaining units: the Administrative and Clerical Unit, the Technical Services Unit, and the Engineering Unit. These employees perform administrative, clerical, and/or para-professional tasks in support of their assigned function or program.

Based on Board authorization, OC San reached a full tentative agreement with OCEA on June 4, 2025, including a three-year contract with a 4.5% salary increase in the first year, a 4.5% salary increase in the second year, and a 3.0% salary increase for the final year of the contract. OCEA distributed the proposals to their membership for voting and OCEA's membership ratified the proposals by majority vote in June 2025.

Full redlined versions of each of the OCEA MOUs are attached for review. A summary of the key changes to the MOUs are as follows:

1. Article 1, Recognition: Term of the agreement begins July 1, 2025.
2. Article 2, Duration: Agreement terminates on June 30, 2028.
3. Article 10, Discipline and Dismissal. Revise language to align with policy:
10.9 Disciplinary actions will be recorded in employee performance reviews... Verbal reprimand documentation will be kept in the supervisor's employee files.
4. Article 11, Grievance Procedure. Revise language to include:
11.4.6. The decision of the General Manager is final.
5. Article 13, Salary Adjustments and Compensation:
13.3.2 Development Pay:
 - Education: Effective the first full pay period in July 2025, eligible employees who obtain or who have obtained a degree of approved subjects at an accredited college or university will receive \$25.00 per pay period for an associate degree and \$50.00 per pay period for an undergraduate degree. The maximum amount of Education pay is fixed at \$50.00 per pay period.
 - 13.3.2.1 Effective the first full pay period in July 2025, the overall maximum Development Pay for education, certification and/or licenses is fixed at \$95.72 per pay period.
- 13.4 Salary Range Adjustments:
 - 13.4.1 Effective the first pay period of July 2025, 4.5% salary range adjustment.
 - 13.4.2 Effective the first pay period of July 2026, 4.5% salary range adjustment.
 - 13.4.3 Effective the first pay period of July 2027, 3.0% salary range adjustment.
6. Article 15, Deferred Compensation: Effective the first full pay period in July 2025, employees covered by OCERS Plans B and U and who participate in the deferred compensation plan are eligible to receive up to \$362 per month matching OC San contribution.
7. Article 18, Call Back Pay. Revise language to include:
18.1. When an employee is called back to work by OC San without prior notice, and the employee has completed his/her normal work shift and left the work site; when prior notice is

given but the work begins on the same day at least three (3) hours after completion of the regular shift; or when an employee assigned to standby is actually called to work, the employee will receive a minimum of three (3) hours of call back pay. The three (3) hour minimum, whether or not actually worked, will be paid at the rate of one and one half (1.5) times the regular hourly rate.

18.2. The call back period shall begin when the standby employee has been informed by OC San to return to work. The call back period shall end when either the employee arrives at his or her residence or the original destination; in either case, the employee shall inform OC San upon arrival.

18.3. If the call back period has ended and the employee is called back to work (whether within or outside of the 3-hour minimum timeframe), a new call back period will be started and the employee will be eligible for at least the 3-hour minimum call back pay.

18.4. If the call back period has not ended and the employee is called back to work (whether within or outside of the 3-hour minimum timeframe), the call back period and associated pay will continue but the employee will not be eligible for another 3-hour minimum call back pay.

18.5. Call back pay is applied per call back and not per work assignment or work order.

18.6 Call back work performed by employees on standby assignments is intended for activities that are imperative and not routine in nature.

8. Article 19, Standby Pay. Revise language to include:

19.1 Effective the first full pay period in July 2025, an employee placed on standby shall be compensated at the rate of six hundred (600) dollars per week.

9. Article 27, Leave-of-Absence with Pay:

27.6 Bereavement Leave. Revise language to align with changes in the law:

27.6.1 ... any full-time employee, whether probationary or regular, shall receive up to five (5) days of bereavement leave, thirty-six (36) hours of which will be paid time, for the death or funeral of an immediate family member. An employee may use existing accruals (i.e., sick, vacation, supplemental leave, compensatory time off) in order to be paid for up to five (5) days.

10. Article 29, Classification Studies. Revise language as follows:

29.2 Y-Rating:

29.2.1 Remove y-rating term table.

29.2.2 Y-rating will be granted for all reclassifications where employees are working in a job classification with a lower maximum rate of pay resulting from changes to OC San's staffing requirements, organizational structure or "bumping" associated with layoffs. Y-rating shall not apply in cases involving disciplinary actions or voluntary changes to a job classification with a lower maximum rate of pay (unless otherwise authorized by the General Manager).

29.2.3 Remove reference to y-rating term table.

11. Article 44, Uniforms. Revise language to include:

44.2 OCEA employees working in divisions designated in SOP-102 Personal Protective Equipment (PPE) are eligible to receive a safety boot allowance and/or upon supervisor request shall receive an annual or bi-annual voucher in the amount of \$250, as applicable.

In addition to the aforementioned changes, the proposed MOUs includes general housekeeping updates to certain articles for purposes of language clarification and to ensure alignment with changes in applicable laws, regulations, and internal administrative procedures.

CEQA

N/A

FINANCIAL CONSIDERATIONS

The total cost is \$3,425,216 over the term of the agreement. This request complies with authority levels of OC San's Purchasing Ordinance. This item has been budgeted.

ATTACHMENT

The following attachment(s) may be viewed on-line at the OC San website (www.ocsan.gov) with the complete agenda package:

- Resolution No. OC SAN 25-06
- OCEA Administrative and Clerical MOU (Redlined)
- OCEA Technical Services MOU (Redlined)
- OCEA Engineering MOU (Redlined)