
File #: 2025-4519

Agenda Date: 9/24/2025

Agenda Item No: 26.

FROM: Robert Thompson, General Manager
Originator: Laura Maravilla, Director of Human Resources

SUBJECT:

SIDE LETTER TO THE MEMORANDUM OF UNDERSTANDING FOR THE INTERNATIONAL UNION OF OPERATING ENGINEERS - LOCAL 501

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

Authorize the execution of a Side Letter Modifying Article 19 - Standby Pay of the current Memorandum of Understanding between Orange County Sanitation District and the International Union of Operating Engineers Local 501 retroactive to the first pay period of July 2025.

BACKGROUND

The Memorandum of Understanding (MOU) between the Orange County Sanitation District (OC San) and the International Union of Operating Engineers Local 501 (Local 501) became effective on July 1, 2025. Since the signing of the MOU, the parties have identified the need for additional clarification and modification to a specific provision of the MOU.

Specifically, Article 19 - Standby Pay includes a Special Risk Standby provision whereby employees are compensated on a pro-rated basis for each day they are assigned to perform duties in support of high-risk events, including seismic, weather, high flow and/or high impact events. The successor agreement approved by the Board of Directors in July 2025, included an increase in Standby Pay from \$550 to \$600 per week. The rate for the Special Risk Standby should have been updated to reflect this increase from \$78.57 to \$85.71 per day.

The side letter will serve as a formal addendum to the MOU and will not alter any other provisions that were agreed upon by both parties and approved by the Board. It will modify the Special Risk Standby rate in alignment with the increase made to Standby Pay and ensure OC San can continue to rely on this provision to achieve its work objectives.

RELEVANT STANDARDS

- Ensure the public's money is wisely spent
- Negotiate fair and equitable labor agreements
- Maintain positive employer-employee relations

PROBLEM

The successor agreement with Local 501 that was approved by the Board of Directors in July 2025 included an increase in Standby Pay from \$550 to \$600 per week. The associated Special Risk Standby pro-rated of rate of \$78.57 per day should have been updated to \$85.71 per day to ensure alignment with Standby Pay.

PROPOSED SOLUTION

Authorize the execution of a Side Letter Modifying Article 19 - Standby Pay of the current MOU OC San and Local 501.

TIMING CONCERNS

It would be in the best interest of OC San to ensure the associated Special Risk Standby rate reflects the accurate pro-rated rate following the approval and adoption of the MOU in July 2025.

RAMIFICATIONS OF NOT TAKING ACTION

Some of the impacts of not approving the updated pro-rated daily rate for Special Risk Standby may include operational inefficiencies, employee satisfaction, and retention.

PRIOR COMMITTEE/BOARD ACTIONS

July 2025 - Adopted Resolution No. OC SAN 25-07, entitled "A Resolution of the Board of Directors of the Orange County Sanitation District approving the Memorandum of Understanding (MOU) between the Orange County Sanitation District and the International Union of Operating Engineers Local 501, for Fiscal Years 2025/2026, 2026/2027 & 2027/2028"; and directed staff to finalize and sign the Memorandum of Understanding (MOU) between Orange County Sanitation District and the International Union of Operating Engineers Local 501 bargaining unit.

ADDITIONAL INFORMATION

N/A

CEQA

N/A

FINANCIAL CONSIDERATIONS

The anticipated cost is \$6500 over the term of the 3-year agreement with Local 501 and will vary based on the number of high-risk events. This request complies with the 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:

- Local 501 MOU Side Letter