
File #: 2025-4420

Agenda Date: 7/23/2025

Agenda Item No: 23.

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

SUBJECT:

SUCCESSOR MEMORANDUM OF UNDERSTANDING FOR THE INTERNATIONAL UNION OF OPERATING ENGINEERS - LOCAL 501

CHIEF NEGOTIATOR'S RECOMMENDATION

RECOMMENDATION:

- A. Adopt 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
- B. Direct 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.

BACKGROUND

The MOU between the Orange County Sanitation District (OC San) and the International Union of Operating Engineers Local 501 (Local 501) 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.

Local 501 submitted its initial proposal for a successor MOU on April 8, 2025. Local 501 and OC San have met and conferred in good faith nine (9) times since receiving the initial proposal.

On June 25, 2025, OC San and Local 501 reached a Tentative Agreement on the terms and conditions of employment for employees represented by Local 501, as set forth in the successor MOU being presented for final approval and adoption by the OC San Board of Directors.

On June 25, 2025, the Board of Directors authorized the Chief Negotiator to proceed with a three-year contract and salary increases for Local 501 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 MOU between OC San and Local 501 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 a successor MOU with a bargaining group, approval must be obtained from its governing body.

PROPOSED SOLUTION

Adopt 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".

TIMING CONCERNS

OC San and Local 501 have bargained in good faith and have reached a tentative agreement on a successor MOU 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, the Chief Negotiator received direction for labor negotiations with Local 501 from the Steering Committee and the Board of Directors.

The Local 501 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

Local 501 is the recognized employee organization certified to provide exclusive representation over wages, hours of work, and other terms and conditions of employment for 193 non-exempt OC San employees in the trades. These employees perform skilled labor within the trades across the Operations & Maintenance Department and Administrative Services Department.

Based on Board authorization, OC San reached a full tentative agreement with Local 501 on June 25, 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. Local 501 distributed the proposal to their membership for voting, and Local 501's membership ratified the proposal by majority vote on July 9, 2025.

The full redlined version of the Local MOU is attached for review. A summary of the key changes to the MOU 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 12, Problem Solving Procedure. Revise language to include:
 - 12.1 Counseling and performance appraisals are not subject to the problem solving procedure.
4. Article 13, Salary Adjustments and Compensation:
 - 13.3 Salary Range Adjustments:
 - 13.3.1 Effective the first pay period of July 2025, 4.5% salary range adjustment.
 - 13.3.2 Effective the first pay period of July 2026, 4.5% salary range adjustment.
 - 13.3.3 Effective the first pay period of July 2027, 3.0% salary range adjustment.
 - 13.3.4 One Time Lump Sum Payment - Employees hired or promoted into the Group as of the first full pay period in July 2025 will receive a \$1000 one-time payment. The payment shall not apply to employees hired after the first full pay period following approval and adoption of the Agreement.
5. 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 \$335.37 per month matching OC San contribution. Effective the first full pay period in July 2026, employees covered by OCERS Plans B and U and who participate in the deferred compensation plan, are eligible to receive up to \$383.64 per month matching OC San contribution.
6. Article 18, Call-Back Pay. Revise language to include:
 - 18.7 Fatigue Time: The intent of fatigue time is to provide eight (8) hours of rest between the end of an employee's overtime/call-back work and the start of the next regularly scheduled work shift, by replacing regular scheduled straight time hours with paid rest time. Fatigue time shall not be considered unscheduled time off, and consistent with OC San Non-Base Building

Pay policy, fatigue time will be considered scheduled leave for purposes of calculating overtime Pay. Employees are responsible for obtaining supervisor approval in advance and accurately reporting fatigue time in the timekeeping system.

If an employee is required to perform sixteen (16) hours or more of work in a rolling twenty-four (24) hour period and the completion of the work results in less than eight (8) hours of rest prior to the start of the employee's next regularly scheduled shift, the following options will be made available:

18.7.1 Nearby hotel options, as identified in the Standby Process Guidelines: OM-SOP-03-002, will be made available to employees to reduce travel time returning to their home, as well as returning to work for their next scheduled shift; and/or

18.7.2 The employee will be given the option to delay the start time of their next shift for up to eight (8) hours and will be compensated with fatigue time at their straight time rate of pay. For example, an employee in maintenance who is regularly scheduled to work from 6:00 am to 4:30 pm, who is held over to work until midnight, would be given the option to delay their 6:00 am. Start time until 8:00 am. The employee would receive two (2) hours of fatigue time at straight time pay.

18.7.3 If upon completion of fatigue time, there are two (2) hours or less remaining in the employee's regularly scheduled shift for that day, the employee may elect to use accrued leave time and shall not be considered unscheduled time off, subject to supervisor approval. If the supervisor determines there is a legitimate business necessity, an employee may be required to report for the remainder of their regularly scheduled shift.

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

19.4 Effective the first full pay period in July 2025, employees on standby will be compensated at the rate of \$600 dollars per week.

8. Article 27, Leave of Absence with Pay:

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

27.11.1 Any full-time employee, whether probationary or regular, will 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., personal leave or compensatory time off) in order to be paid for up to five (5) days.

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

44.4. Classifications designated in SOP-102 Personal Protective Equipment (PPE) shall receive an annual voucher for a safety boot allowance in the amount of \$250 at the beginning of each fiscal year.

In addition to the aforementioned changes, the proposed MOU 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 \$8,030,814 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 25-07
- Local 501 MOU (Redlined)