
File #: 2025-4410

Agenda Date: 7/23/2025

Agenda Item No: 4.

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

SUBJECT:

SUCCESSOR MEMORANDA OF UNDERSTANDING FOR THE SUPERVISOR AND PROFESSIONAL MANAGEMENT GROUPS

CHIEF NEGOTIATOR'S RECOMMENDATION

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Adopt Resolution No. OC SAN 25-08, 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 Supervisory and Professional Management Group, 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 two (2) Supervisory and Professional Management Group bargaining units.

BACKGROUND

The MOUs between the Orange County Sanitation District (OC San) and the Supervisory and Professional Management Group 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.

The Supervisory and Professional Management Group (SPMG) submitted its initial proposals for successor MOUs on March 17, 2025. SPMG and OC San have met and conferred in good faith eight (8) times since receiving the initial proposal.

On June 24, 2025, OC San and SPMG reached a Tentative Agreement on the terms and conditions of employment for employees represented by SPMG, as set forth in the 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 both SPMG units 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 SPMG 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 OC SAN 25-08, 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 Supervisory and Professional Management Group, for Fiscal Years 2025/2026, 2026/2027 & 2027/2028".

TIMING CONCERNS

OC San and SPMG have bargained in good faith and have reached 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, the Ms. Kalty received direction for labor negotiations with SPMG from the Steering Committee and the Board of Directors.

The SPMG 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

The SPMG is the recognized employee organization certified to provide exclusive representation over wages, hours of work, and other terms and conditions of employment for exempt employees in the Supervisor Group and Professional Group bargaining units.

There are 301 exempt employees represented by SPMG. The Supervisor Group consists of 64 employees, and the Professional Group consists of 237 employees. Employees in these groups are assigned to classifications that perform frontline supervisory duties and program-related development, implementation, and analytical duties associated with supporting the collection, treatment, and recycling of wastewater. Some supervisory classifications are assigned to a 365-days per year, 7-days per week, 24-hours per day operation.

Based on Board authorization, OC San reached a full tentative agreement with SPMG on June 24, 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. SPMG distributed the proposals to their membership for voting and SPMG's membership ratified the proposals by majority vote in June 2025.

Full redlined versions of each SPMG MOU 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.
4. Article 12, Problem Solving Procedure. Revise language to include:
12.1 Counseling and performance appraisals are not subject to the problem solving procedure.
5. Article 13, Salary Adjustments and Compensation:
13.8 Salary Range Adjustments:
13.8.1 Effective the first pay period of July 2025, 4.5% salary range adjustment.
13.8.2 Effective the first pay period of July 2026, 4.5% salary range adjustment.
13.8.3 Effective the first pay period of July 2027, 3.0% salary range adjustment.
13.10 One-Time Lump Sum Payment - Employees hired or promoted into the Group as of the last day of the first full pay period in July 2025 will receive a \$1000 one-time lump sum payment. The payment shall not apply to employees hired after the first full pay period following approval and adoption of the agreement.
6. Article 15, Deferred Compensation:
15.1.1 OC San will make a 401(a) plan available to eligible employees to allow for applicable

matching OC San contributions. Participating employees shall be responsible for any administrative fees associated with this plan.

15.2 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 a \$445 per month OC San matching contribution.

7. 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, for the death or funeral of an immediate family member. An employee may use existing accruals (i.e., sick, vacation, administrative leave, compensatory time off) in order to be paid for up to five (5) days.

27.7 Administrative Leave.

27.7.1 Administrative Leave is provided to FLSA exempt employees who are not eligible for overtime in an effort to recognize that based on the nature of the work and classification, the job and duties may extend beyond regularly scheduled work hours.

27.7.2 Effective the first pay period in July, regular full-time employees in the Group shall be granted sixty (60) hours of Administrative Leave.

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

44.3 Employees working in divisions designated in SOP-102 Personal Protective Equipment (PPE) are eligible to receive a safety boot allowance and shall receive either an annual or bi-annual voucher in the amount of \$250 as applicable.

In addition to the aforementioned changes, the proposed MOUs include 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 \$16,108,651 over the term of the agreement.

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 25-08
- Supervisor Group MOU (Redlined)
- Professional Group MOU (Redlined)