

## Agenda Report

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**File #:** 2019-501, **Version:** 1

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**FROM:** Laura Kalty, Chief Negotiator  
Originator: Celia Chandler, Director of Human Resources

**SUBJECT:**

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

**GENERAL MANAGER'S RECOMMENDATION**

RECOMMENDATION: Recommend to the Board of Directors to:

- A. Adopt Resolution No. OCSD 19-10, entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving the Memoranda of Understanding between the Orange County Sanitation District and the International Union of Operating Engineers, Local 501, for Fiscal Years 2019/2020, 2020/2021 & 2021/2022; and
- B. Direct staff to finalize and sign the Memoranda of Understanding (MOUs) between Orange County Sanitation District and the Local 501 bargaining unit.

**BACKGROUND**

The MOU between the Orange County Sanitation District (Sanitation District) and the International Union of Operating Engineers Local 501 (Local 501) bargaining unit that became effective on July 1, 2016 expired on June 30, 2019. Local 501 submitted its initial proposal for a successor MOU on February 27, 2019. Local 501 and the Sanitation District have met and conferred in good faith twelve (12) times since receiving the initial proposal. As of the Board meeting on June 26, 2019, all items proposed, except salary and wages, had either reached tentative agreement or had been withdrawn.

On June 26, 2019, the Board of Directors authorized the Chief Negotiator to make a counter proposal to Local 501 including a three-year contract with a 3.0% salary increase and corresponding range adjustments due in the first pay period in July for each year of the contract, with the first increase to commence on July 5, 2019.

The Sanitation District delivered this counter proposal to Local 501 on July 15, 2019. Local 501's membership ratified the proposal by majority vote on July 24, 2019.

**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 and development

## **PROBLEM**

The MOUs between the Sanitation District and Local 501 bargaining unit that became effective on July 1, 2016 expired on June 30, 2019.

## **PROPOSED SOLUTION**

Adopt Resolution No. OCSD 19-10, entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving the Memoranda of Understanding between the Orange County Sanitation District and the International Union of Operating Engineers, Local 501, for Fiscal Years 2019/2020, 2020/2021 & 2021/2022".

Based on Board direction, the Sanitation District issued a counter proposal to Local 501 on July 15, 2019, including three-year contracts with a 3.0% salary increase for each year of the contract. Local 501 distributed the proposal to its membership for voting and Local 501's membership ratified the proposals by majority vote July 24, 2019.

## **RAMIFICATIONS OF NOT TAKING ACTION**

- Labor instability
- Possible impacts to morale
- Impasse

## **PRIOR COMMITTEE/BOARD ACTIONS**

In December 2018, an Ad Hoc Subcommittee of the Steering Committee selected Laura Kalty from Liebert Cassidy Whitmore to serve as the Sanitation District's Chief Negotiator.

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:

- February 27, 2019 - Steering Committee and Board Meeting
- March 18, 2019 - Special Steering Committee Meeting
- March 27, 2019 - Steering Committee and Board Meeting
- April 24, 2019 - Steering Committee and Board Meeting
- May 22, 2019 - Steering Committee and Board Meeting
- June 26, 2019 - Steering Committee and Board Meeting

- July 24, 2019 - 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 the Sanitation District's 200 non-exempt Operations and Maintenance employees.

The MOU between the Sanitation District and Local 501 expired on June 30, 2019.

Based on Board direction, the Sanitation District issued a counter proposal to Local 501 on July 15, 2019, including three-year contracts with a 3.0% salary increase for each year of the contract. Local 501 distributed the proposal to their membership for voting and Local 501's membership ratified the proposals by majority vote on July 24, 2019.

A full redlined version of the Local 501 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, 2019.
2. Article 2, Duration: Agreement terminates on June 30, 2022.
3. Article 13, Salary Adjustments and Compensation: Salary: Year 1 - 3.0% Salary Increase, retroactive to the first pay period of July 2019; Year 2 - 3.0% Salary Increase, effective the first pay period of July 2020; Year 3 - 3.0% Salary Increase, effective the first pay period of July 2021. Development Pay: Associate degree - \$25.00 per pay period; Undergraduate degree - \$50.00 per pay period; Certification/License - \$15.24 per pay period per certificate/license with a maximum of three (3).
4. Article 16, Holidays: language cleanup to reflect that employee election to receive Holiday Compensatory Time Off is due by December 31<sup>st</sup> of prior year.
5. Article 17, Hours of Work: Employees' cleanup period designated as last fifteen (15) minutes of shift. Power Plant Operators grouped under Operations for Hours of Work. Reopener to discuss Power Plant Operator job family and staffing of Central Generation.
6. Article 19, Standby Pay: Standby Pay increased to five hundred (500) dollars per week. Side Letter language incorporated regarding standby requirements for Collections System staff.
7. Article 20, Insurance: Reopener to discuss establishment of Health Retirement Account (HRA) for all employees.
8. Article 27, Leave-of-Absence With Pay: Bereavement leave shall be used within six (6) months of death of immediate family member; requests for exceptions may be submitted to Director of Human Resources for approval. Employee may be required to furnish evidence of family member's death and/or of familial relationship.
9. Article 29, Classification Studies: Reopener to discuss Mechanic series pay grade.
10. Article 44, Uniforms: Boot allowance increased from \$170 to \$200 annually.
11. Article 46, Dues Deductions: Language cleanup to align with current law.
12. Article 47, Agency Shop: Language cleanup to align with current law; article title changed to "Union Dues".
13. Article 49, Shift Changes: Shift bidding process updated to allow employees to bid on any shift including their current shift. Employees will be verbally notified of shift location before

accepting shift bid; OCSD may inform employee that their work location will not be changed.

14. Article 51, Resignation: The District may accept any verbal or written resignation at any time and deem such resignation irrevocable. Written resignations automatically deemed irrevocable after 72 hours, except by approval of HR.
15. Article 52, Operator Certification: The District will reimburse Operations and Maintenance employees for required certifications upon receiving a passing score.

Listed below are articles with proposed housekeeping changes in the tentative agreement by article number:

Article 16 - Holidays

Article 25 - Retirement

Article 27 - Leave-of-Absence With Pay

Article 28 - Leave-of-Absence Without Pay

## **FINANCIAL CONSIDERATIONS**

The total cost is \$4,309,281 over the term of the agreement. Sufficient funds are incorporated in the Sanitation District's Five-Year Cashflow to support the adjustments required by this Memorandum of Understanding (MOU).

## **ATTACHMENT**

*The following attachment(s) are included in hard copy and may also be viewed on-line at the OCSD website ([www.ocsd.com](http://www.ocsd.com)) with the complete agenda package:*

- Resolution No. OCSD 19-10
- Local 501 MOU (redlined version)