

Agenda Report

File #: 2022-2547, **Version:** 1

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

SUBJECT:

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

GENERAL MANAGER'S RECOMMENDATION

RECOMMENDATION:

- A. Adopt Resolution No. OC SAN 22-31, 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 2022/2023, 2023/2024 & 2024/2025";
- B. Direct Staff to finalize and sign the Memorandum of Understanding (MOU) between Orange County Sanitation District and the Local 501 bargaining unit; and
- C. Approve pay grade changes for the following classifications: Mechanic (LOC61 to LOC62), Senior Mechanic (LOC67 to LOC68), and Lead Mechanic (LOC71 to LOC72).

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, 2019 expired on June 30, 2022. Local 501 submitted its initial proposal for a successor MOU on April 13, 2022. Local 501 and OC San have met and conferred in good faith nine (9) times since receiving the initial proposal. As of the Board meeting on June 22, 2022, most items proposed, except for salary and wages, had either reached tentative agreement or had been withdrawn.

Based on Board authorization, the Chief Negotiator presented a counter proposal to Local 501 following the June 2022 meeting, at which time OC San and Local 501 came to a full tentative agreement. On July 8, 2022, OC San was informed that the tentative agreement was not ratified by the Local 501 membership. OC San and Local 501 continued meeting and conferring in good faith, and Local 501 provided a counter proposal on August 15, 2022.

On August 24, 2022, 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% for the second year, and 3.5% for the final year of the contract. This includes corresponding salary range

adjustments due in the first pay period in July for each year of the contract, with the first increase to commence on July 1, 2022.

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 MOU between OC San and Local 501 that became effective on July 1, 2019 expired on June 30, 2022. OC San has a legal duty to bargain in good faith with represented labor groups and to sign any collective bargaining agreement that has been reached.

PROPOSED SOLUTION

Adopt Resolution No. OC SAN 22-31, entitled, "A Resolution of the Board of Directors of the Orange County Sanitation District approving the Memorandum of Understanding between the Orange County Sanitation District and the International Union of Operating Engineers Local 501, for Fiscal Years 2022/2023, 2023/2024 & 2024/2025".

TIMING CONCERNS

OC San and Local 501 have bargained in good faith and have reached tentative agreement on a successor MOU that shall go into effect July 2022, contingent on Board approval.

RAMIFICATIONS OF NOT TAKING ACTION

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

PRIOR COMMITTEE/BOARD ACTIONS

On October 27, 2021, the Board of Directors selected Laura Drottz Kalty from Liebert Cassidy Whitmore to serve as OC San'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 23, 2022 - Steering Committee and Board Meeting
- March 23, 2022 - Steering Committee and Board Meeting

- April 27, 2022 - Steering Committee and Board Meeting
- May 25, 2022 - Steering Committee and Board Meeting
- June 22, 2022 - Steering Committee and Board Meeting
- July 27, 2022 - Steering Committee and Board Meeting
- August 24, 2022 - 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 189 non-exempt OC San employees in the trades. These employees perform skilled labor within the trades across the Operations & Maintenance Department.

Based on Board authorization, OC San reached a full tentative agreement with Local 501 on September 6, 2022, including a three-year contract with a 4.5% salary increase in the first year, a 4% salary increase in the second year, and a 3.5% 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 September 19, 2022.

Additionally, through negotiations the parties agreed to pay grade changes for the following classifications: Mechanic (LOC61 to LOC62), Senior Mechanic (LOC67 to LOC68), and Lead Mechanic (LOC71 to LOC72).

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, 2022.
2. Article 2, Duration: Agreement terminates on June 30, 2025.
3. Article 10, Discipline and Dismissal: Add language specifying that "no call/no show" is considered serious misconduct.
4. Article 11, Grievance Procedure: Language to specify that a copy of the grievance documentation must be submitted to the Director of Human Resources in addition to the Department Head.
5. Article 13, Salary Adjustments and Compensation: Salary: Year 1 - 4.5% Salary Increase, effective the first pay period of July 2022; Year 2 - 4% Salary Increase, effective the first pay period of July 2023; Year 3 - 3.5% Salary Increase, effective the first pay period of July 2024. 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 2022 will receive a \$2,000 one-time payment.
6. Article 15, Deferred Compensation: Effective the first full pay period in July 2022, employees covered by OCERS Plans B and U and who participate in the deferred compensation plan, are eligible to receive up to a \$98 per month matching OC San contribution for FY 2022/2023, and \$168 per month for FY 2023/2024 and 2024/2025.
7. Article 16, Holidays: Add Martin Luther King, Jr. holiday, and remove Lincoln's birthday. Updated floating holiday language to say "hours equal to 1 workday", may be used in quarter hour increments rather than full day. Updated Holiday Schedule A and Holiday Schedule B.
8. Article 17, Hours of Work: Add language that the supervisor may authorize a paid thirty (30) minute meal period for certain employees working in Collections, understanding employees

- may be required to perform work and work through lunch as necessary. Add language indicating that the shift is inclusive of the Passdown period and in exigent circumstances where an employee is required to be present outside of the regular shift, overtime may be authorized by management. Remove Power Plant Operator reopener.
9. Article 19, Standby Pay: Increase standby pay from \$500 to \$550/week. Add language for Special Risk Standby based on Director of O&M determination.
 10. Article 20, Insurance: Remove HRA Reopener language. Add language to reflect that calculation of benefits for retiring employees is based on continuous service for benefited employment only, time as an intern or in a non-benefitted status will not count.
 11. Article 23, Probationary Period: Change initial probationary period from six months to one year. Add language clarifying at-will status of probationary employees.
 12. Article 24, Promotions: Add language that if a promotion is for a classification that is subject to Department of Transportation requirements, the employee selected for the promotion must successfully complete alcohol and controlled substances testing in order to be promoted.
 13. Article 25, Retirement: Remove language regarding employees on Plan G as it is no longer applicable.
 14. Article 27, Leaves of Absence Without Pay: Add language that employees who fail to provide any notice to their supervisor and fail to report to work as scheduled shall be considered "no call/no show" and shall be subject to discipline, up to and including termination. Employees who fail to provide any notice to their supervisor and fail to report to work for three (3) or more consecutive days will be considered to have abandoned their job and shall be subject to discipline up to and including termination.
 15. Article 29, Classification Studies: Add language to clarify that employee reclassification request decisions made by the Human Resources Department are final and not subject to appeal, problem-solving, or the grievance process. Include language for a re-opener to meet and confer regarding the comparison agencies used for any classification and compensation studies. Remove Classification Adjustment Reopener language.
 16. Article 45, Substance Abuse Policy: Add language that any employee promoted, reassigned, or transferred into a classification subject to DOT requirements will be required to successfully complete alcohol and controlled substances testing prior to assuming the position.
 17. Article 49, Shift Changes: Add language clarifying that 30 days may be extended if the shift change would interfere with the initial training of a newly hired Power Plant Operator.
 18. Article 51, Resignation: Add language that employees resigning from OC San are expected to give a minimum of two (2) weeks written notification when terminating employment with OC San. OC San may accept in writing any verbal or written resignation at any time and deem such resignation irrevocable. Voluntary written resignation of employment with OC San is automatically deemed irrevocable after seventy-two (72) hours from OC San's receipt of the resignation except by approval of the Human Resources Department.
 19. Article 53, Operator Rotations (New Article): Add language that all employees assigned to the Lead Plant Operator, Senior Plant Operator, Plant Operator or Operator-In-Training classifications will be subject to Plant Operator Process Area and Plant Rotation Programs as developed.

The MOU was updated with housekeeping changes to reflect the organizational name change from "OCSD" to OC San. Additionally, the MOU was updated to reflect any changes to law.

CEQA

N/A

FINANCIAL CONSIDERATIONS

The total cost is \$7,674,197 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 22-31
- Local 501 MOU (redlined version)
- Salary Schedules - Mechanic Job Series (FY2021-22 and Proposed FY 2022-25)