

## **RESOLUTION NO. 2019-09**

### **A RESOLUTION APPROVING A FIVE-YEAR MEMORANDUM OF UNDERSTANDING BETWEEN MONTEREY ONE WATER AND THE MANAGEMENT EMPLOYEES' GROUP**

WHEREAS, the present three-year agreement with the Monterey One Water (M1W) Management Employees' Group (MEG), Resolution No. 2016-15, expired on June 30, 2019, and the M1W Management Employees' Group has been meeting with the General Manager and staff to discuss employee wages and benefits in an attempt to reach a new agreement; and

WHEREAS, the M1W MEG has been exclusively recognized as the management employee organization during the preceding three years through resolutions covering salaries and benefits, and the MEG wishes to have a specific Memorandum of Understanding (MOU); and

WHEREAS, based on mutual agreement, the parties now desire to formalize a new five-year agreement between the management employees of the M1W and its Board of Directors;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the M1W that it does hereby approve the attached MOU with the MEG, along with the employee benefits schedule attached as EXHIBIT A to said MOU and authorizes the General Manager to execute the same on behalf of the M1W.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Monterey One Water duly held on July 29, 2019, by the following vote:

AYES:       **STEFANI, CARBONE, HAFFA, CAMPBELL, DE LA ROSA, PHILLIPS, SMITH, GAGLIOTI, MOORE, GRIER**

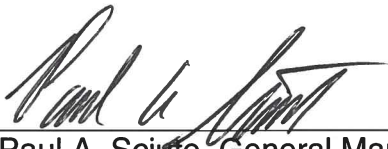
NOES:       **NONE**

ABSENT:   **NONE**



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Ron Stefani, Chair  
M1W Board of Directors



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Paul A. Sciuto, General Manager  
Secretary to the Board of Directors

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
MONTEREY ONE WATER AND  
MONTEREY ONE WATER MANAGEMENT EMPLOYEES' GROUP**

**STATEMENT OF FACT**

1. The Management Employees' Group (MEG) has been meeting with the General Manager and staff, discussing employee wages and benefits in an attempt to reach a five-year agreement, since the present agreement with the Monterey One Water (M1W) MEG expired June 30, 2019.
2. The M1W MEG has been exclusively recognized as the management employees' organization through resolutions covering salaries and benefits. The MEG now wishes to have a new Memorandum of Understanding (MOU) and M1W and MEG have negotiated the terms to be included in this MOU.
3. M1W administration of employer-employee relations shall be conducted in accordance with Resolution 92-04, "A Resolution of the Monterey Regional Water Pollution Control Agency Establishing Rules and Regulations for the Administration of Employer-Employee Relationship between the Agency and its Employee Organizations."
4. Based on mutual agreement, the parties now desire to formalize a new five-year agreement between the MEG and the M1W.

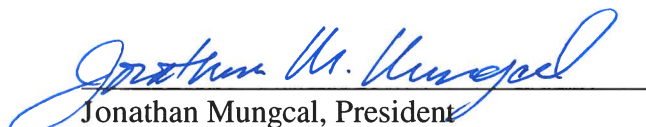
**NOW, THEREFORE, the parties agree as follows:**


1. The length of this agreement will be five (5) years, beginning July 1, 2019 and ending June 30, 2024.
2. The revised MEG benefits are outlined in EXHIBIT A, which is attached hereto and incorporated herein by this reference.
3. M1W may periodically review position salaries to take into account expanded duties and responsibilities and use information such as the CASA Salary Survey to make adjustments, as appropriate.
4. In the event of future salary and/or benefit surveys, the following comparison agencies will be used:
  - a. Central Contra Costa Sanitary District
  - b. Central Marin Sanitation Agency
  - c. Delta Diablo Sanitary District
  - d. Dublin San Ramon Sanitary District
  - e. Encina Wastewater Authority

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- f. Inland Empire Utilities
  - g. Irvine Ranch Water District
  - h. Las Virgenes Municipal Water District
  - i. Napa Sanitation District
  - j. Silicon Valley Clean Water
  - k. Union Sanitary District
5. In accordance with the prior written agreements between the parties and except as noted above or attached, all parts and provisions of this agreement become effective on the approval date noted below.
6. The M1W Board of Directors may, in its sole discretion, elect to add employee benefits without negotiating or amending this MOU.
7. The Agency and Association agree to amend the existing contract that expired June 30, 2019. The amended contract termination date will be June 30, 2024. In the event agreement is not made for a new MOU prior to June 30, 2024, the provisions of the amended MOU shall remain in force until the successor MOU is approved.

  
Jonathan Mungcal, President  
M1W Management Employees' Group

  
Paul A. Sciuto  
General Manager

8/5/19  
Date Approved

## MEMORANDUM OF UNDERSTANDING

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### **EXHIBIT A**

#### **MONTEREY ONE WATER**

#### **MANAGEMENT EMPLOYEES' GROUP BENEFITS**

### **1. RETIREMENT**

#### **A. Tier I Employees**

For employees hired prior to May 13, 2012, the Agency will continue to provide the 3% @ 60 Public Employees' Retirement System (PERS) Miscellaneous Members Retirement for each employee covered by this agreement. The same 3% @ 60 will be provided to new employees who were previously employed by the Agency and covered by this formula. Employees will pay 100% of the employee PERS contribution. The Agency's contract with PERS for the 3% @60 plan contains the following:

1. Sick Leave Conversion
2. 1959 Survivor Benefit, third level
3. Highest twelve (12) consecutive months for purposes of determining final compensation
4. Military Service credit as Prior Service
5. Employees Sharing cost of Additional Benefits
  - Employees currently pay an additional .211% of their salary for a total of 8.211%.
6. Uniform allowance included as special compensation:
  - The Agency shall provide employees with uniforms to promote a clean and neat attire amongst our employees. Said uniforms will be the property of the Agency and/or the contractor from which such uniforms are acquired.
  - The Agency shall provide for laundering of the uniforms provided to employees at no cost to the employees.
  - The Agency will report to CalPERS the cost of the benefit in the amount not to exceed \$200.00 per pay period, to each affected employee.

#### **B. Tier II Employees**

For employees hired on or after May 13, 2012 that are considered "classic members" in the CalPERS system, the Agency will continue to provide the 2%@ 55 Public Employees' Retirement System (PERS) Miscellaneous Members Retirement for each employee covered by this agreement. The same 2% @ 55 will be provided to new employees who were previously employed by the Agency with this formula or who were previously employed by another PERS (or reciprocal) agency. Employees will pay 100% of the employee PERS contribution. The Agency's contract with PERS for the 2% @55 plan contains the following:

1. Sick Leave Conversion
2. 1959 Survivor Benefit, third level

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3. Highest thirty-six (36) consecutive months for purposes of determining final compensation
4. Military Service credit as Prior Service
5. Employees Sharing cost of Additional Benefits
  - Employees currently pay an additional .211% of their salary for a total of 7.211%.
6. Uniform allowance included as special compensation:
  - The Agency shall provide employees with uniforms to promote a clean and neat attire amongst our employees. Said uniforms will be the property of the Agency and/or the contractor from which such uniforms are acquired.
  - The Agency shall provide for laundering of the uniforms provided to employees at no cost to the employees.
  - The Agency will report to CalPERS the cost of the benefit in the amount not to exceed \$200.00 per pay period, to each affected employee.

#### **C. Tier III Employees**

New employees hired on or after January 1, 2013 who have not previously been enrolled in another PERS (or reciprocal) agency will be placed in Tier III. Tier III for these employees is the 2% @ 62 PERS formula. Employees will pay 100% of the employee PERS contribution. The Agency's contract with PERS for the 2% @62 plan contains the following:

1. Sick Leave Conversion
2. 1959 Survivor Benefit, third level
3. Highest thirty-six (36) consecutive months for purposes of determining final compensation
4. Military Service credit as Prior Service
5. Employees Sharing cost of Additional Benefits
  - Employees currently pay an additional .211% of their salary for a total of 6.461%.

#### **2. FISCAL YEAR SALARY ADJUSTMENT**

Effective the first full pay period of FY19/20, a wage increase of 3.4% will be implemented.

Effective the first full pay period of FY20/21, a wage increase of 3.4% will be implemented.

Effective the first full pay period of FY21/22, a wage increase of 3% will be implemented.

Effective the first full pay period of FY22/23, a wage increase of 3% will be implemented.

Effective the first full pay period of FY23/24, a wage increase of 3% will be implemented.

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#### **3. COMPENSATION STUDY IMPLEMENTATION**

- A. The Agency conducted a salary survey for the Information Systems Manager due to a change in the position structure and found the position to be under the median by 34.5%. To bring the position inline with the current Agency philosophy of positions being paid within plus or minus 5% of the median, the salary for the position will be adjusted as follows:
1. Year One – The position will be adjusted by 9.8% and receive the 3.4% wage increase.
  2. Year Two – The position will be adjusted by 9.8% and receive the 3.4% wage increase.
  3. Year Three– The position will be adjusted by the remaining 9.9% and receive the 3% wage increase.

#### **4. HEALTH INSURANCE**

The M1W Health Insurance Program includes insurance coverage for health, dental and vision.

- A. In order to fairly share the potential issue of rising health insurance costs, an “Insurance Index” (Index) of 5% will be applied to the M1W’s current health care costs to establish the amount of the health insurance budget that is to be provided by the M1W for the following year. The amounts are as follows:
1. January 1, 2019 (Base) = \$1,952,710
  2. January 1, 2020 = \$2,050,347
  3. January 1, 2021 = \$2,152,864
  4. January 1, 2022 = \$2,260,507
  5. January 1, 2023 = \$2,373,532
  6. January 1, 2024 = \$2,492,209
- B. The M1W employees and management will continue to monitor and evaluate M1W’s health insurance coverage and costs through the Employee Insurance Committee. The Committee will act as an advisory body to the employees and the General Manager to apprise them of any significant changes in health insurance costs or coverage and to provide the necessary research as conditions warrant. The Committee shall be made up of one to two members from each Bargaining Unit and an Agency representative.
- C. Employee contributions are the total amount that employees contribute toward health insurance costs during the fiscal year. Employees will make contributions per pay period for the family, employee-plus child(ren), and employee-plus spouse insurance plans. Employees with dependent coverage will pay 12% of the total cost to cover their *dependents only*. The Agency will continue to cover 100% of the employee cost of coverage.
- D. Each year the M1W employees and management will structure an insurance plan that will not exceed the baseline as shown in Paragraph A. This structuring may include, but not be limited to, changes to carriers and/or benefits. All qualified and cost-effective plans vetted by

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the Insurance Committee shall be presented to employees for a vote.

- E. In the event the employees are unable, by making reasonable changes to carriers and/or benefits, to structure an insurance plan that provides coverage levels acceptable to the employees, while not exceeding the baseline amount, the employees and the M1W will share the additional health insurance costs above the baseline as shown in Paragraph A. 50% of this additional amount will be divided equally amongst all M1W employees with dependents and the M1W will pay the remaining 50% of this additional amount. The employee's contribution will not increase due to an increase in staff positions. The staffing threshold established for the term of this MOU is ninety (90) benefitted employees.
- F. The M1W is committed to promoting healthy employees and associated reduction in health insurance claims. The M1W will fund the Wellness Program that will raise the standard of health and fitness of all M1W employees. The Wellness Program will be funded by the Agency with oversight from the Wellness Committee.
- G. If modifications to the type or allocation of benefits, eligibility for coverage, employer or employee contribution to the cost of insurance or any other provisions of the benefit plans covered by this MOU will be modified or may be affected by the Affordable Care Act (ACA) during the term of this agreement, it is agreed that the Agency and MEG will reopen the contract to meet and confer and determine how such mandated changes will be implemented, and to include addressing other health plan options. It is understood that reopening of the MOU only applies to these limited circumstances and if either party is of the opinion that the subject matter is beyond the scope of the circumstances raised in this paragraph, either party may unilaterally bar the reopening of the MOU.

#### **5. DISABILITY AND TERM LIFE INSURANCE**

The M1W pays the full premium for the life, accidental death and dismemberment insurance. The employee is covered for term life insurance in the amount of gross annual income, rounded to the nearest \$1,000, plus an additional \$15,000.

Short-term and long-term disability insurance for non-occupational injuries is provided with 100% of the premium paid by M1W. If an employee has a non-occupational injury, after a 30-day waiting period, an employee may apply for this insurance at the rate of 66 2/3% of an employee's monthly salary.

#### **6. ADMINISTRATIVE LEAVE**

Management employees classified as exempt from overtime per the Fair Labor Standards Act (FLSA) are expected to work some additional hours from time-to-time as part of their normal job responsibilities. These management employees do not accrue compensatory time or receive overtime pay, but in recognition of these possible additional hours, management employees will receive fifty-six (56) hours annually of Administrative Leave on July 1 of each year, to be accrued each pay period up to a one hundred and twenty (120) hour cap on Administrative Leave. Once the one hundred and twenty (120) hour cap is reached, a management employee must take some administrative leave before he/she begins to accrue additional administrative leave. Administrative Leave for new employees shall be



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prorated to the beginning of the pay period on which their date of hire or transfer to the Management unit occurs.

**7. VACATION**

For regular, full-time employees:

<u>Years of Service</u>	<u>Hours Accrued</u>
A. Less 3 years:	80 hours accrued annually.
B. 3-8 years:	120 hours accrued annually.
C. 8-15 years:	160 hours accrued annually.
D. 15-20 years:	176 hours accrued annually.
E. 20-30 years:	200 hours accrued annually.
F. Greater than 30 years	receive 4 additional hours per year of service
G. Maximum vacation accumulation	is four hundred forty (440) hours (any exceptions or use restrictions are stated in the Employee Handbook).

**8. HOLIDAYS**

New Year's Day	Martin Luther King's Birthday
President's Day	Spring Holiday
Memorial Day	Independence Day
Labor Day	Columbus Day
Veterans Day	Thanksgiving Day
Day following Thanksgiving	Christmas Day
Work day immediately preceding Christmas Day	Floating Holiday (All employees will receive one per fiscal year and if not used during the fiscal year, the day will be lost)

If the Holiday falls on a Sunday; the following Monday shall constitute the Agency Holiday

If the Holiday falls on a Saturday; the preceding Friday shall constitute the Agency Holiday

All Holidays are worth nine (9) hours (Holiday Pay). If an employee is not on the flex schedule and works eight (8) hour days, they will be able to put one (1) hour per holiday into the Holiday Leave bank.

**9. SICK LEAVE**

Employees accrue 3.70 hours of sick leave per pay period from their date of hire (for a total of 96.2 hours annually). Since the Agency provides for CalPERS sick leave credit and that employees are encouraged to conserve sick leave should it be needed for an unexpected personal disability, there is no limit on the maximum number of hours an employee can accumulate. Refer to the Employee Handbook for additional information.

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#### **10. BEREAVEMENT LEAVE**

Employees are eligible to use up to five (5) days of accrued paid time off to make funeral arrangements and to attend the funeral of an immediate member of their family. Refer to the Employee Handbook for additional information.

#### **11. CERTIFICATION AND LICENSE FEES**

The M1W will pay pertinent original certification, license, registration, and renewal fees related to the job. M1W will pay for a vehicle license or certificate, other than a Class C, if the employee is required by a regulatory authority or the Agency to possess such a license to perform work duties as assigned.

#### **12. CERTIFICATION INCENTIVES**

The current certification incentives are listed in Appendix A1 of the Employee Handbook.

#### **13. CAREER INCENTIVES**

Employees will receive a 2.5% salary increase if they have received a four-year degree. If they have received a degree beyond a four-year, i.e. an MA/MS/MBA, they will receive an additional 3.5% salary increase. If the employee's position requires a high school diploma or equivalent and they have received a degree beyond a four-year degree, they will receive 6%, which is the cumulative amount for both grades. Refer the Appendix A2 of the Employee Handbook for additional information.

#### **14. TUITION REIMBURSEMENT PROGRAM**

Employees are encouraged to advance their job-related skills and education through the Agency's Tuition Reimbursement Program. Reimbursement is limited to the following:

- Community College = \$1,000 per calendar year
- University/State School = \$2,500 per calendar year
- Master's Degree level = \$3,500 per calendar year

Refer to the Employee Training and Development policy for additional information on qualifications

#### **15. EMPLOYEES ASSIGNED M1W VEHICLES**

Employees assigned M1W vehicles shall comply with all policies set forth in Appendix B of the Employee Handbook.

#### **16. LONGEVITY PAY**

Employees attaining 10 years of service with the Agency will receive a 2.5% longevity pay increase.

Employees attaining 20 years of service will receive an additional 5% longevity pay increase.

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**NEGOTIATION TIME**

The management employees and their negotiating teams will be granted a reasonable amount of time during regular work hours to negotiate and meet-and-confer for the preparation of a Memorandum of Understanding and associated benefits.