



Santa Clara Valley Water District

File No.: 21-1065

Agenda Date: 11/23/2021

Item No.: *2.9

SUPPLEMENTAL BOARD AGENDA MEMORANDUM

SUBJECT:

Consider Memoranda of Understanding Between the Santa Clara Valley Water District and the Employees Association, AFSMCE Local 101, Professional Managers Association, IFPTE Local 21, and Engineers Society, IFPTE Local 21; and Adopt the Resolutions (4) Approving the Terms of the Memoranda, and Approving the Amended Compensation Plan for Unrepresented Employees in the Executive Service (January 1, 2022, through June 30, 2026).

REASON FOR SUPPLEMENTAL MEMORANDUM:

The supplemental report conveys additional information received after the initial report was released.

RECOMMENDATION:

- A. Adopt Resolution APPROVING THE TERMS OF THE MEMORANDUM OF UNDERSTANDING BETWEEN THE SANTA CLARA VALLEY WATER DISTRICT AND EMPLOYEES ASSOCIATION, AFSCME LOCAL 101 FOR THE PERIOD OF JANUARY 1, 2022 THROUGH DECEMBER 31, 2025;
- B. Authorize the Chief Executive Officer to sign the Memorandum of Understanding with Employees Association, AFSCME Local 101, in substantially the same form as the draft version;
- C. Adopt Resolution APPROVING THE TERMS OF THE MEMORANDUM OF UNDERSTANDING BETWEEN THE SANTA CLARA VALLEY WATER DISTRICT AND THE ENGINEERS SOCIETY, IFPTE LOCAL 21, FOR THE PERIOD OF JANUARY 1, 2022 THROUGH DECEMBER 31, 2025;
- D. Authorize the Chief Executive Officer to sign the Memorandum of Understanding with Engineers Society, IFPTE Local 21, in substantially the same form as the draft version;
- E. Adopt Resolution APPROVING THE TERMS OF THE MEMORANDUM OF UNDERSTANDING BETWEEN THE SANTA CLARA VALLEY WATER DISTRICT AND THE PROFESSIONAL MANAGERS ASSOCIATION, IFPTE LOCAL 21, FOR THE PERIOD OF JANUARY 1, 2022 THROUGH DECEMBER 31, 2025;
- F. Authorize the Chief Executive Officer to sign the Memorandum of Understanding with Professional Managers Association, IFPTE Local 21, in substantially the same form as the draft version; and
- *G. Adopt Resolution APPROVING **SECOND** AMENDED COMPENSATION PLAN FOR UNREPRESENTED EMPLOYEES IN THE EXECUTIVE SERVICE (January 1, 2022, through **December 31, 2025**).

SUMMARY:**A. EMPLOYEES ASSOCIATION, ENGINEERS SOCIETY, PROFESSIONAL MANAGERS ASSOCIATION**

The existing Memorandum of Understanding (MOU) between the Santa Clara Valley Water District (Valley Water) and the three (3) unions above expires on December 31, 2021.

Valley Water and representatives of the three (3) unions agreed to “coalition bargaining” with all three (3) unions bargaining jointly for items such as wages and benefits. Those negotiation sessions commenced on September 16, 2021. On November 4, 2021, Valley Water and all three (3) unions reached a tentative agreement on these terms and conditions for the successor MOUs. (Attachment 1.)

Tentative Agreements include the following:

- Four (4)-Year MOU Term - January 1, 2022 through December 31, 2025
- Salary adjustments for the term of the MOU will be:
 - 3.0% effective the first full pay period in July of 2022
 - 3.0% effective the first full pay period in July of 2023
 - 3.0% effective the first full pay period in July of 2024
 - 3.0% effective the first full pay period in July of 2025
- Retiree Health Reciprocation
 - Valley Water employees who work for five (5) years at Valley Water, retire from Valley Water, and have previous services from the state of California or any subdivision thereof, including any city, county, or special district, will receive prior service credit applied towards Valley Water’s retiree health benefit.
- Add Juneteenth Holiday
- Change Columbus Day to Indigenous Peoples’ Day
- CalPERS Pension
 - Effective first full pay period of July 2022:
 - Employees participating in the PERS 2.5% @ 55 formula and the PERS 2.0% @ 60 formula (Classic) will contribute only 8% of the employee contribution rate.
 - Employees participating in the PERS 2% @ 60 formula will contribute only 7% of the contribution rate.
 - Employees participating in the PERS 2.0% @ 62 (2.5% @ 67) (PEPRA) formula will contribute only 50% of the normal cost as determined by CalPERS towards their pension benefits.
 - Effective first full pay period of January 2022:
 - PEPRA employees shall receive a one-time lump sum and non-PERSable payment of \$1,000.
- Deferred Compensation

- Effective first full pay period of July 2022:
 - The current annual Valley Water match will increase by 50% for all unions. From \$1,200 to \$1,800 for both EA and ES and from \$2,000 to \$3,000 for PMA.
- Essential Workers
 - Effective first full pay period of January 2022:
 - Employees who reported on-site (i.e., did not telework) at least 50% of the time from March 20, 2020 through May 30, 2021 shall receive a one-time lump sum and non-PERSable payment of \$1,000.
- Reimbursements
 - Increased safety shoe reimbursement from \$200 to \$225 per year and safety glasses reimbursement from \$185 to \$210 per year for all unions.
- Workforce Development
 - Increased tuition reimbursement from \$2,500 to \$3,500 per year for all unions.
- Parental Leave
 - All employees may use sick time for parental leave subsequent to the period of parental disability.

In addition to the negotiation sessions that took place at the coalition bargaining table, additional negotiation sessions took place at the “local” bargaining tables with the express purpose of addressing issues that were specific to each union.

Tentative Agreements include the following:

Employees Association (EA)

- Integration of side letters into the MOU (SVAWPC, Definition of Confidential Employees, Article 1, Recognition, Temporary Assignments, Uniforms, Water Treatment Plant Operator Certificate Differential, Probation, Tuition Assistance Program, and Vacation Cash Out)
- Increase Job Site Reporting pay from \$17 to \$20 per day
- Increase uniform allowance from \$300 to \$335 per year
- Allow CEO or designee to approve schedule changes upon recommendation from unit managers
- Clarify Professional Reimbursements are made each fiscal year
- Discuss Senior Management Analyst differential within six (6) months at a Labor Management Committee meeting
- Discuss Certification Pay differentials within six (6) months at a Labor Management Committee

Engineers Society (ES)

- Integration of side letters into the MOU (Exempt Leave, Temporary Assignments, Probation, Tuition Assistance Program, Vacation Cash Out)
- Established 2.5% Supervisor Differential when supervising two (2) or more employees

- Having managers meet with employees before making schedule changes

Professional Managers Association (PMA)

- Integration of side letters into the MOU (Temporary Assignments, Probation, Vacation Cash Out, Tuition Assistance Program)
- Ensure unit managers meet with employees before making schedule changes

In addition, Valley Water will meet with all unions within six (6) months to discuss non-substantive MOU language cleanup issues.

B. Amended Compensation Plan for Unrepresented Employees in the Executive Service

The Board gave direction to staff to bargain in good faith and determine the terms of Memoranda of Understanding between the Santa Clara Valley Water District and each of its three bargaining units (Employees Association AFSCME Local 101, Engineers Society - IFPTE Local 21, and Professional Managers Association - IFPTE Local 21), for all the period of January 1, 2022 through December 31, 2025 (MOUs)

The Board's interest and parameters provided the direction to prepare an economic package that will help Valley Water stay competitive and become an employer of choice. This direction takes into consideration the challenges we face with attrition due to more of our workforce taking institutional knowledge as they exit the organization and the difficulty in attracting new staff. The Board has engaged in a strategic approach to attract, hire, and retain a high-performing and skilled workforce. In addition to classified employees represented by three bargaining groups, Valley Water currently employs unrepresented employees in the Unclassified Service of Valley Water pursuant to District Personnel Ordinance 2000-01, section 2.6 ("Executive Employees"). To address similar challenges with attracting and retaining unrepresented employees, staff is recommending that the Board approve a Second Amendment to the Compensation Plan for unrepresented employees in the executive service (Second Amended Compensation Plan) (Attachment 8).

Except where expressly noted, the Second Amended Compensation Plan sets forth the terms for compensation and conditions of employment for Employees for the period from January 1, 2022, through December 31, 2025. The terms of this Compensation Plan do not constitute a contract and are not intended to create a contract with Employees. The terms of this Second Amended Compensation Plan are not intended to create any vested right to retirement health benefits set forth herein. The terms of this Second Amended Compensation Plan may be amended or modified at any time during the effective period through a resolution passed by Valley Water's Board of Directors. The terms in this Second Amended Compensation Plan apply to the BAOs except where specifically excluded herein and except where the BAO's respective written employment agreements with Valley Water provide otherwise.

As part of the approval of the Second Amended Compensation Plan, it is also recommended that the Board express its approval of the plan to explore the feasibility with CalPERS of enhancing the Tier 2 pension formula from 2.0% @ 60 to 2.5% @ 55 and enhancing the final compensation for Tier 2 employees from the highest 36 months to the highest 12 months. Any such change would require a formal amendment of Valley Water's contract with CalPERS, and this would require future Board

approval.

FINANCIAL IMPACT:

Staff estimates a financial impact of \$9.6 million for classified employees and an additional \$725K for unclassified employees and Board Appointed Officers for fiscal year 2022-23, which would be incorporated into the proposed fiscal year 2022-23 budget. The incremental financial impact for subsequent years would be in the range of \$5.0 million for classified and \$415K for unclassified employees and Board Appointed Officers per year.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

Attachment 1: Pkg Tentative Agmt w/Coalition Table
Attachment 2: Redlined MOU, EA
Attachment 3: Redlined MOU, ES
Attachment 4: Redlined MOU, PMA
Attachment 5: Resolution, EA MOU
Attachment 6: Resolution, ES MOU
Attachment 7: Resolution, PMA MOU
Attachment 8: Resolution, Second Amended Compensation Plan
Attachment 9: Revised Unclassified Benefits Summary

UNCLASSIFIED MANAGER:

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