



CALIFORNIA DEPARTMENT OF HUMAN RESOURCES

Office of the Director

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Governor Edmund G. Brown Jr.
Secretary, Government Operations Agency Marybel Batjer
Acting Director Richard Gillihan
Acting Chief Deputy Director Pam Manwiller

May 13, 2014

The Honorable Darrell Steinberg
Pro Tem, California State Senate
State Capitol, Room 205
Sacramento, California 95814

The Honorable Bob Huff
Minority Leader, California State Senate
State Capitol, Room 305
Sacramento, California 95814

The Honorable Toni Atkins
Speaker of the California State Assembly
State Capitol, Room 219
Sacramento, California 95814

The Honorable Connie Conway
Minority Leader, California State Assembly
State Capitol, Room 3104
Sacramento, California 95814

Re: Tentative Agreement/Memorandum of Understanding (MOU) for Bargaining Unit 13, Stationary Engineers, Exclusive Employee Representative - International Union of Operating Engineers (IUOE)

Dear Senators Steinberg and Huff, and Assembly Members Atkins and Conway:

Recently, the Department of Human Resources (CalHR) reached a new tentative agreement/MOU with Bargaining Unit 13. Upon approval of the Legislature and the Governor, and ratification by the membership, this agreement will be effective July 2, 2013 through July 1, 2016.

This agreement rolls over language from past agreements and makes changes primarily in the area of employee compensation.

In accordance with Government Code Sections 3517.5, 19829.5, and Senate Rule 29.4, I am forwarding copies of this tentative agreement, including a legislative and fiscal summary. The Legislative Analyst will be forwarded a copy for analysis, and the Secretary of the Senate and the Clerk of the Assembly will be forwarded copies to make them noted as available for review in the daily journals.

The above mentioned tentative agreement and summary can also be found by going to the following link:
<http://www.calhr.ca.gov/state-hr-professionals/Pages/bargaining-contracts.aspx>

CalHR is working to secure a legislative vehicle to approve the terms of this agreement.

Respectfully,

Richard Gillihan
Acting Director

Attachments

cc: Gareth Elliott, Legislative Affairs Secretary, Office of the Governor
Gregory Schmidt, Secretary of the Senate
E. Dotson Wilson, Chief Clerk of the Assembly
Joint Legislative Budget Committee
Mac Taylor, Legislative Analyst
Marybel Batjer, Secretary, Government Operations Agency

ecc:

Camille Wagner, Chief Deputy Legislative Affairs Secretary
Office of the Governor

Christian Griffith, Chief Consultant
Assembly Budget Committee

Nancy Farias, Deputy Secretary of Legislation
Governmental Operations Agency

Mark Martin, Consultant
Assembly Budget Committee

Marianne O'Malley, Director Gen. Government
Office of the Legislative Analyst

Mark McKenzie, Staff Director
Senate Appropriations Committee

Nick Schroeder, Fiscal and Policy Consultant
Office of the Legislative Analyst

Maureen Ortiz, Consultant
Senate Budget Committee

Erika Li, Asst. Program Budget Manager
Department of Finance

Geoff Long, Chief Consultant
Assembly Appropriations Committee

Craig Cornett, Chief Fiscal Policy Advisor
Office of the Pro Tem

Joel Tashjian, Consultant
Assembly Appropriations Committee

Charles Wright, Chief Consultant
Office of the Pro Tem

Pamela Schneider, Chief Consultant
Senate PE&R Committee

Chris Woods, Budget Director
Office of the Speaker

Karon Green, Chief Consultant
Assembly PER&SS Committee

Greg Campbell, Chief of Staff
Office of the Speaker

Gary Link, Consultant
Senate Republican Caucus

Nick Hardeman, Chief Consultant
Office of the Speaker

Terry Mast, Consultant
Assembly Republican Caucus

Seren Taylor, Staff Director
Senate Republican Fiscal Office

Pam Manwiller, Acting Chief Deputy
CalHR

Chantele Denny, Consultant
Senate Republican Fiscal Office

Randy Fisher, Assistant Deputy Director
Labor Relations, CalHR

Anthony Archie, Consultant
Assembly Republican Fiscal Office

Alene Shimazu, Chief
Financial Management, CalHR

Eric Swanson, Staff Director
Assembly Republican Fiscal Office

Mark Ibele, Staff Director
Senate Budget Committee

Joe Stephenshaw, Consultant
Senate Budget Committee

**CALIFORNIA DEPARTMENT OF HUMAN RESOURCES
SUMMARY OF COLLECTIVE BARGAINING AGREEMENT
FOR BARGAINING UNIT 13**

**Exclusive Employee Representative
International Union of Operating Engineers (IUOE)**

Number of Employees: Approximately 952 Full-Time Equivalents

I. Retirement

Benefit Formula Calculation

- Bargaining Unit 13 employees who become CalPERS members on or after January 1, 2013, are subject to the Public Employees' Pension Reform Act (PEPRA) Retirement Formula of 2% at age 62.
- Bargaining Unit 13 employees who become CalPERS State Safety members on or after January 1, 2013, are subject to the State Safety PEPRA Retirement Formula of 2% at age 57.
- Bargaining Unit 13, employees who become CalPERS members on or after January 1, 2013, are subject to the Second Tier PEPRA Retirement Formula of 1.25% at age 67.
- Pensionable compensation caps will apply to new CalPERS members subject to PEPRA as defined under PEPRA.

Employee Pension Contribution

- On July 1, 2013, all Bargaining Unit 13 Second Tier members began contributing 1.5% of monthly pensionable compensation and the contribution will increase by 1.5% points annually. The final annual increase in the contribution rate shall be adjusted as appropriate to reach fifty percent (50%) of normal cost.

II. Compensation

Cost of Living Increase

- Effective July 1, 2014, contingent on the projected State revenues of the 2014-15 Budget, all BU 13 represented classifications receive a 2% General Salary Increase (GSI). Effective July 1, 2015, all BU 13 represented classifications will receive a 2.5% GSI.

- If the projected State revenues are not achieved, all BU 13 represented classifications will receive a 4.5% GSI effective July 1, 2015.

Water and Sewage Plant Operator Differential

- Effective July 1, 2014 and following ratification of the parties, Unit 13 employees in the Water and Sewage Plant Operator classifications who possess a valid State of California Waste Water and/or Water Treatment Certification at the level of Grade II issued by the State Water Resources Control Board and/or California Department of Public Health shall receive a 2% differential each month.

Department of Corrections and Rehabilitation – Recruitment and Retention

- Effective July 1, 2015 and following ratification of the parties, Unit 13 employees who work at the Sierra Conservation Center and the Richard J. Donovan Correctional Facility will be eligible for a \$2,400 per year recruitment and retention bonus payable thirty (30) days following the completion of twelve (12) consecutive pay periods.

Department of General Services – Recruitment and Retention

- Effective July 1, 2015 Unit 13 employees who work in the Department of General Services buildings in the City of San Francisco will be eligible for a \$2,400 per year recruitment and retention bonus payable thirty (30) days following the completion of twelve (12) consecutive pay periods.

Overtime Meal Allowance – Cal Trans

- Upon ratification of the parties the overtime meal allowance provided by Cal Trans will increase from \$5.00 to \$6.00.

III. Health Benefits

Employer Contribution

- Upon ratification of the parties the State's monthly contribution to the health insurance portion of the Bargaining Unit 13 employee's allowance shall be a flat dollar amount equal to eighty percent of the weighted average of the premiums for the four Basic health benefit plans with the largest enrollment (the 80/80 formula).

Dependent Coverage

- Thirty (30) days after ratification, BU 13 employees will become eligible for the full employer contribution for dependent health coverage after one (1) year of State employment. The State will contribute 75% of the normal amount for dependents during the vesting period.

IV. Miscellaneous

- The State will not mandate a reduction in work hours (furlough/PLP) program for Bargaining Unit 13 employees during the term of this agreement.
- Effective July 1, 2014 and following ratification of the parties and upon approval of funding by the Legislature, departments will reimburse permanent employees in the Water and Wastewater Plant Operator classifications the costs associated with filing, examination and continuing education units to secure and/or maintain the employee's water and/or wastewater plant operator certifications.
- The State and IUOE Bargaining Unit 13 agree to present to the Legislature, as part of the legislation implementing this Memorandum of Understanding (MOU), a provision to appropriate funds to cover the economic terms of this agreement through July 1, 2016.
- Business and Travel Reimbursements, the State increased the breakfast rate to \$7.00, lunch to \$11.00, dinner to \$23 and incidentals to \$5.00.
- The State increased lodging rates as follows:

County	Lodging Rate
All Counties except those listed below	\$90
Los Angeles, Orange, Ventura, Edwards AFB, less the City of Santa Monica	\$120
Sacramento, Napa, Riverside	\$95
San Diego, Monterey County, Alameda, San Mateo, Santa Clara	\$125
San Francisco, City of Santa Monica	\$150

- Effective June 1, 2015 Bargaining Unit 13 employees will be allowed to cash out up to 20 hours of vacation or annual leave once per fiscal year if their department head determines funds are available.

V. Duration

- July 2, 2013, through July 1, 2016

VI. Fiscal

- FY 13/14 Cost: \$0
- FY 14/15 Cost: \$2,458K, \$1,704K GF
- FY 15/16 Cost: \$2,981K, \$2,075K GF
- Total Incremental Cost: \$5,439K, \$3,779K GF
- Total Budgetary Cost: \$7,897K, \$5,483K GF

VII. Agreement

- The complete Tentative Agreement between the State and IUOE Bargaining Unit 13 is posted at: <http://www.cathr.ca.gov/state-hr-professionats/Pages/bargainingcontracts.aspx>

CalHR
Bargaining Unit 13
IUOE INCREMENTAL MOU Summary
3 Year Agreement (Trigger Not Met)
(Dollars in Thousands)

3 YEAR AGREEMENT	Rank and File	Effective Date	2013-14			2014-15			2015-16			Total Incremental			Total Budgetary		
			GF	OF	Total	GF	OF	Total	GF	OF	Total	GF	OF	Total	GF	OF	Total
Costs																	
Health Flat Rate 80/80	7/1/14																
Pay Differential 338 - 2% for Level II Water/Waste Water	1/1/15																
Continuing Education	1/1/16																
4.5% GSI	7/1/14																
\$2400 Pay Differential	7/1/14																
Total Costs	7/1/15	\$	\$	\$	\$560	\$239	\$799	\$3,190	\$1,408	\$4,598	\$3,750	\$1,647	\$5,397	\$4,310	\$1,886	\$6,196	
Non-adds																	
Health - Dependent Vesting	7/1/14				\$21	\$9	\$31	\$2	\$1	\$3	\$23	\$10	\$33	\$44	\$20	\$64	
Dental	1/1/15				\$11	\$5	\$16	\$19	\$8	\$27	\$30	\$13	\$43	\$40	\$18	\$58	
\$1 Increase to Overtime Meals	1/1/16				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Travel reimbursement increases	7/1/14				\$10	\$5	\$15	\$7	\$3	\$11	\$10	\$5	\$15	\$21	\$9	\$30	
PEPRA - New Employees Future Savings	1/1/15				\$7	\$3	\$11	\$7	\$3	\$11	\$15	\$7	\$21	\$22	\$10	\$32	
Total Non-adds		\$	\$	\$	\$35	\$15	\$50	\$13	\$6	\$19	\$48	\$21	\$69	\$83	\$37	\$120	
Grand Total		\$	\$	\$	\$595	\$254	\$849	\$3,203	\$1,414	\$4,618	\$3,798	\$1,669	\$5,467	\$4,393	\$1,923	\$6,316	
Travel dollars were provided by DOF.																	
There are 5 months of additional 2016 health and dental costs that are not shown.																	
Per DOF, while PEPRA is in effect January 1, 2013, savings are not realized until January 1, 2015.																	
Cost of \$1 increase to overtime meals is approximately \$67 per year.																	
20 hour cash out is available per fiscal year if departments determine funds are available.																	