

DEPARTMENT OF PERSONNEL ADMINISTRATION

OFFICE OF THE DIRECTOR
1515 "S" STREET, NORTH BUILDING, SUITE 400
SACRAMENTO, CA 95811-7258



June 22, 2012

The Honorable Mark Leno
Chair, Joint Legislative Budget Committee
State Capitol, Room 5100
Sacramento, California 95814

Re: *Tentative Agreements for: Bargaining Unit 5, the California Association of Highway Patrolmen (CAHP), Bargaining Unit 6, the California Correctional Peace Officers Association (CCPOA), Bargaining Unit 8, CDF Firefighters (CDFF), Bargaining Unit 12, the International Union of Operating Engineers (IUOE), Bargaining Unit 16, the Union of American Physicians and Dentists (UAPD), and Bargaining Unit 18, the California Association of Psychiatric Technicians (CAPT)*

Recently the Department of Personnel Administration reached new tentative agreements with the unions representing the bargaining units listed above. These agreements will be addenda to the current memoranda of understanding. In accordance with Government Code Section 3517.63(b), these addenda are being submitted for the Committee's information.

All agreements contain similar provisions, and in a common effort to assist the State in achieving 2012-2013 budget savings each bargaining unit has agreed to the provision known as the Personal Leave Program of 2012 (PLP 2012). This compensation reduction program is equal to an eight hour reduction in pay in exchange for a day off each month, and shall remain in effect for 12 months. All agreements are effective July 1, 2012, and contain salary savings. However, because each bargaining unit has its own distinct operational provisions, an individual summary for each agreement is attached.

In total, these agreements represent a savings of approximately \$239 million.

The tentative agreements and their summaries can be found by going to the following link:
<http://www.dpa.ca.gov/bargaining/contracts/index.htm>.

If you have any questions, please contact Jodi LeFebre, Legislative Affairs at (916) 323-8490.

Sincerely,

A handwritten signature in black ink, appearing to read "Julie Chapman".

Julie Chapman
Acting Director

Attachments

cc: Members, Joint Legislative Budget Committee
Peggy Collins, Principal Consultant, Joint Legislative Budget Committee
David Lanier, Legislative Deputy, Office of Governor Brown
Mac Taylor, Legislative Analyst, Office of the Legislative Analyst

ecc: Marianne O' Malley, Director Gen. Government Office of the Legislative Analyst	Maureen Ortiz, Consultant Senate Appropriations Committee
Nick Schroeder, Consultant Office of the Legislative Analyst	Geoff Long, Chief Consultant Assembly Appropriations Committee
Richard Gillihan, Asst. Program Budget Manager Department of Finance	Roger Dunstan, Consultant Assembly Appropriations Committee
Craig Cornett, Chief Fiscal Policy Advisor Office of the Pro Tem	Pamela Schneider, Consultant Senate PE&R Committee
Charles Wright, Chief Consultant Office of the Pro Tem	Karon Green, Chief Consultant Assembly PER&SS Committee
Chris Woods, Budget Director Office of the Speaker	Gary Link, Consultant Senate Republican Caucus
Greg Campbell, Chief Consultant Office of the Speaker	Terry Mast, Consultant Assembly Republican Caucus
Seren Taylor, Staff Director Senate Republican Fiscal Office	Alene Shimazu, Chief Fiscal Analysis, DPA
Chantele Denny, Consultant Senate Republican Fiscal Office	Pam Manwiller, Acting Deputy Chief Labor Relations, DPA
Anthony Archie, Consultant Assembly Republican Fiscal Office	Randy Fisher, LRO Labor Relations, DPA
Peter Schaafsma, Staff Director Assembly Republican Fiscal Office	Cindee Fonseca, LRO Labor Relations, DPA
Keely Bosler, Staff Director Senate Budget Committee	Shawn Ramirez, LRO Labor Relations, DPA
Kris Kuzmich, Consultant Senate Budget Committee	Stephen Booth, LRO Labor Relations, DPA
Christian Griffith, Staff Director Assembly Budget Committee	Mark Rodriguez, LRO Labor Relations, DPA
Mark Martin, Consultant Assembly Budget Committee	
Bob Franzoia, Staff Director Senate Appropriations Committee	

BU 12

**DEPARTMENT OF PERSONNEL ADMINISTRATION
SUMMARY OF COLLECTIVE BARGAINING AGREEMENT
FOR BARGAINING UNIT 12**

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

Number of Employees: Approximately 10,381 full-time equivalents

I. Compensation

Personal Leave Program (PLP 2012)

- Effective July 1, 2012, the Personal Leave Program 2012 (PLP 2012) will apply to BU 12 employees. This program reduces pay equal to 8 hours per month, or approximately 4.62% in exchange for a day off each month. This program shall remain in effect for 12 consecutive months. The policy to administer the PLP 2012 program in relation to IUOE is contained in this agreement.

II. Retirement

- .5% employee contribution for the prefunding of retiree health benefits (OPEB) is deferred until July 1, 2013.

III. Miscellaneous

- Reduce the use of retired annuitants to only those of critical need and establishes policies and procedures to begin that process.
- Establish a Labor Management Committee to evaluate the contracting out of BU 12 work.
- Various non-economic contract changes:
 - Timely Payment Committee
 - CDCR Meal Tickets
 - Confidential License
 - Permanent Shift Change
 - Overtime Distribution
 - Out of Classification Assignments
- Contract contains supersession language.

IV. Duration

- Contract term remains the same, July 1, 2012 - July 1, 2013.
- Term of the PLP 2012 will be July 1, 2012 - June 30, 2013.

V. Fiscal

- FY 2012/13 Total Savings: \$28.5 Million
General Fund = \$9 Million, Other Funds = \$19.5 Million

VI. Agreement

- The complete Tentative Agreement between the State and is posted at:
<http://www.dpa.ca.gov/bargaining/contracts/index.htm>

(23)

11:43
6/13/12

Management Proposal

SIDE LETTER
AGREEMENT

This agreement is a Side Letter to the current Memorandum of Understanding (contract), entered into by the State of California (State or State Employer) and the International Union of Operating Engineers BU 12 (IUOE). The purpose of this Side Letter is to assist in effectuating 2012-2013 Budget Savings to State employee compensation, as mandated in the State Budget and related legislation, and to continue to promote harmonious labor relations between the State and the Union.

The State Employer and the Union do hereby agree as follows:

1. **Supersession:** In reaching agreement on this Side Letter, the parties agree and confirm that they have, through negotiation, superseded any and all ~~(1) supersedeable workweek statutes, including sections of the Government Code, (2) Department of Personnel Administration rules and regulations, (3) articles of the parties' contract~~ that are in conflict with the terms and conditions of this Side Letter.
2. **Term:** The Term of this Side Letter Agreement will be effective July 1, 2012 through June 30, 2013.
3. Each full-time employee's monthly pay shall be reduced by 4.62%.
 - a. This reduction shall not affect transfer determinations between state civil service classifications.
 - b. Compensation for purposes of retirement, death, and disability benefits shall not be affected by this reduction and shall be based on the unchanged salary rate.
 - c. Service calculation for purposes of retirement allowances shall be based on the amount of service that would have been credited based on the unchanged salary rate.
 - d. Part-time employees shall be subject to the pay reduction on a pro-rated basis consistent with their time base.

6/13/12
3:46 PM
M.B. Co
6-13-12

TA 3:46
J. [Signature]
6-13-12
Ken [Signature]
6-13-12

Justice Team
Pat Wilson
[Signature]
[Signature]
S. [Signature]

4. In consideration for this pay reduction, the employees shall work the following schedule if the employer can implement a work schedule to close one day a month, at management's discretion, work one of the following schedules:

a. Employees will work their regular work schedule with the exception of the day that the employer identified as being closed for operations:

In operations that cannot implement a work schedule to close one day a month the following options will be applied:

b. Employees will work a 38-hour per week schedule. The schedule will be four (4) nine and a half (9.5) hour work days each week. One day each week, (either Monday or Friday at the agency's discretion) the employee's regular work site may be closed. Employees on this work schedule will not accrue PLP; or

c. The employer will survey employees and will identify an alternative schedule in which one week per month Employees will have the first Friday of each month off and will consist of work thirty two (32) hours (for example, an employee can have 'a no-work day' on the second Monday of each month) that week. The employee's will continue to work this schedule from regular work site may be closed on the first Friday of each month for twelve consecutive months beginning in July 2012 and ending in through June 2013.

In 24/7 operations only

d. In specific classifications, where 4(a) or 4 (b) are not operationally feasible, e Employees will be subject to the Personal Leave Program for twelve consecutive months. Each full time employee shall continue to work his/her assigned work schedule. Each full time employee shall be credited with eight (8) hours of PLP on the first day of each pay period commencing July 2012 for twelve (12) consecutive pay periods.

1. PLP 2012 should must be used in the month in which it is earned; PLP 2012 shall be requested and used by the employee in the same manner as vacation or annual leave. If the employee has not submitted a PLP 2012 leave request by the 20th of the month in which PLP 2012 is accrued, such time shall be scheduled by his/her supervisor. When this is not operationally feasible, PLP 2012 shall be used before any other leave, except sick leave and PLP 2010. The terms of this PLP will be subject to the same terms as the Article 10.16 Personal Leave Program 2010 in the Bargaining Unit 12 IUOE MOU, with the exception of the required usage date.

All Permanent Intermittent employees shall be subject to the pro-ration of salary and PLP 2012 credits as provided below:

Hours Worked During Pay Period	Salary Reduction in Hours	PLP 2012 Credit
<i>W. B. 3:46</i> <i>6-13-12</i> <i>Ken Carpenter</i> <i>6-13-12</i> <i>Tom [Signature]</i>	<i>9:00</i> <i>Pat Wilson</i>	<i>JA 3:46</i> <i>5-20-13-12</i> <i>Frank [Signature]</i> <i>6-13-12</i> <i>Justice [Signature]</i> <i>JA 6/13/12</i> <i>3:46 pm</i> <i>[Signature]</i>

0-10.9	0	0
11-30.9	1	1
31-50.9	2	2
51-70.9	3	3
71-90.9	4	4
91-110.9	5	5
111-130.9	6	6
131-150.9	7	7
151 or over	8	8

PLP 2012 has no cash value and may not be cashed out.

Seasonal employees shall not be subject to PLP 2012.

5. Employees currently enrolled in the Voluntary Personal Leave Program (VPLP) will have the ability to opt out of VPLP during the month of July 2012.

Shane Reynolds
6-13-12

VA 3:46
J. [Signature]
6-13-12

W.A. [Signature]
6-13-12

Ken Capriotti
6-13-12

Tom [Signature]

Jessica Ream
VA S. [Signature]
6/13/12
3:46pm
[Signature]
Pat Wilson
on 4/2 [Signature]

23

6/13/12
3:27pm

IUOE BU12 COUNTER
TO MANAGEMENT
6/13/12

Counter to PLP (page 2, paragraph 1 only) as presented by the State this date:

1. PLP 2012 must be used in the month in which it is earned; PLP shall be requested, approved by the supervisor, and used by the employee in the same manner as vacation or annual leave. If the employee has not submitted a PLP 2012 leave request by the 20th of the month in which PLP 2012 is accrued, such time shall be scheduled by his/her supervisor. When this is not operationally feasible PLP shall carry over and will be used in the same manor as Vacation or Annual Leave. PLP 2012 shall be used before any other leave, except sick leave and PLP 2010.

~~PLP 2012 leave taken will count as time worked for purposes of calculating overtime.~~

All Permanent Intermittent employees shall be subject to the pro-ration of salary and PLP 2012 credits as provided below:

[table remains unchanged]

TA. 3:46

M.B. 10
6-13-12

J. [Signature]
6-13-12

[Signature]
6-13-12

Ken Capchart
6-13-12

TA 6/13/12
[Signature] S. Smith
[Signature]

[Signature] 3:46pm

Tim Neep, IUOE Unit 12

Randy Fisher, DPA

[Signature] [Signature] [Signature]

4
MANAGEMENT PROPOSAL

6/13/12

11.56

Bargaining Unit: 12

Date: _____

Exclusive Representative: IUOE

Subject: Pre-funding of Post-Retirement health Benefits

The State agrees to defer the .5% contribution for prefunding of retiree health until July 1, 2013.

TA
[Signature]
TA 3:32
6-13-12
3:00
Heath [Signature]
6-13-12

6/13/12
3:38 pm

M. B. [Signature]
6-13-12

Ken [Signature]
6-13-12

Pat Wilson
[Signature]
Tom Bl
[Signature]
Jesse [Signature]
S. [Signature]

11

6/13/12
3:10pm

11.counter to Mgmt. 6/12/2012 11:30 am proposal

Union Proposal To Management

(New)

Bargaining Unit 12

In recognition of the States commitment to reducing the use of Retired Annuitants by September 1, 2012 the State shall have evaluated at least 50% of the Annuitants tied to BU 12 to determine which annuitants are not critical to Stat operations. Those deemed non-critical shall be separated from State Service. By November 1, 2012 the State will have completed its evaluation of all retired annuitants and separate those that are non-critical.

Starting September 1, 2012, the State shall provide a quarterly report indicating the number of retired annuitants performing BU 12 duties , the department, the classification and position number.

This agreement does not preclude the Union from filing work assignment grievances.

TA. 3:42

Tim Neep 6-13-12

Tim Neep, IUOE Unit 12

Frank Moore
6-13-12

M. B. 10
6-13-12

Ken Capelant
6-13-12

TA 6/13/12

Randy Fisher 3:42pm
Randy Fisher, DPA

Pat Wilson SS
Tom BL
10:58 AM

(2)

4:24 8

MANAGEMENT PROPOSAL

Bargaining Unit: 12

Date: 6-11-12

Exclusive Representative: IUOE

Subject: Article 7: Hours of Work Overtime

Before an employee is required to work mandatory overtime, management will make every effort to schedule appropriate available employees, prior to mandating overtime. This shall include, but not limited to: Volunteers, Permanent Intermittent Employees, Retired Annuitants, Registry staff. As a last resort, to meet required staffing needs, when an employee is mandated to work overtime during a week with approved leave, other than sick leave, they will earn premium (1½ time) overtime compensation for hours worked over forty (40) of pre-scheduled leave, other than sick leave, and hours worked in that week.

TW, me

2:09
T.A. J. [Signature]
6-12-12

[Signature]
6/12/12

Hand Express
6-13-12

M. B. W.
6-12-12

Ken Capchott
6-12-12

T.A. 2:10pm
[Signature]
6/12/12

Pat Wilson
[Signature]

Tom [Signature]

[Signature]
Jessica Beam

[Signature]

3:13 PM

MANAGEMENT PROPOSAL

Bargaining Unit: 12

Date: _____

Exclusive Representative: IUOE

Subject: Personnel Personal Services Contracts

Information Regarding Contracts To Be Let

1. Departments will provide the Union's Unit 12 Director with copies of Requests for Proposals (RFPs) and Invitations for Bid (IFBs) for personal services contracts when released for publication if they call for services found in bargaining unit 12 class specifications.
2. To the extent that a department is preparing to enter into a contract (or amend a contract) and it does not require an RFP or IFB, the department shall provide the above representative with a copy of the Standard Form 215 (or its departmental equivalent) if and when the Form 215 is completed but no less than five (5) business days thereafter provided the contract is/will be for services found in bargaining unit class specifications. If the Form 215 contains confidential or proprietary information, it shall be redacted.
3. The purpose of this section is to provide the Union with notice and an opportunity to present alternatives which mitigate or avoid the need for contracting out, while still satisfying the needs of the State to provide services.
4. Upon request of the Director of IUOE BU 12, the State will meet with IUOE BU 12 to discuss the State's efforts to reduce the use of Personnel Services Contracts.
5. This provision shall not prejudice the Unions ability to challenge Personal Services Contracts through other avenues including the State Personnel Board.

JA 6/13/12
3:14 PM
K...
K...
6-13-12

JA 3:43 PM
Jim
6-13-12
Frank...
6-13-12
W.B. 11/13-12

Jessica K...
Pat Wilson
J...
Tom...
S...

(5)

MANAGEMENT PROPOSAL

6/13/12
11:25

Bargaining Unit: 12

Date: _____

Exclusive Representative: IUOE

Subject: Timely Payment of Wages Committee (CalTRANS)

The parties agree that a Joint IUOE BU 12/Management Timely Payment of Wages Compensation Committee is appropriate to review pay issues. The committee may consist of not more than four (4) representatives from IUOE and an equal number of State Representatives. The committee shall meet quarterly for the purpose of discussing problems and recommending appropriate actions to increase the accuracy and timeliness of the issuance of payroll.

TA
6/13/12
3:38pm

TA 3:38
J. [unclear]
6-13-12
Frank [unclear]
6-13-12

[Signature]

Ken Capchott
6-13-12

M. B. [unclear]
6-13-12

Pat Wilson
[Signature]

[Signature]
Tom [unclear]

[Signature]
Justice Ream
S. Schick

(6)

MANAGEMENT PROPOSAL

6/13/12

1127

Bargaining Unit: 12

Date: _____

Exclusive Representative: IUOE

Subject: CDCR Meal Tickets

CDCR agrees to extend the usage of a meal tickets for 30 days.

6/13/12
TA 3:40pm
[Signature]

TA 3:40
~~3:20~~
6-13-12
Frank [unclear]
6-13-12

Karl Caputo
6-13-12

M.A. [unclear]
6-13-12

Pat Wilson
[Signature]

Tom [unclear]
~~[Signature]~~
Jessica [unclear]
S [unclear]

(9)

6/13/12

MANAGEMENT PROPOSAL

11:28

Bargaining Unit: 12

Date: _____

Exclusive Representative: IUOE

Subject: Confidential License

The State shall evaluate the feasibility of providing BU 12, Commercial Vehicle Inspection Specialist (CVIS), Class Code 6854, confidential address records similar to that provided in V.C. section 1808.4.

TA
6/13/12
Bishop
hit by 10
6-13-12

TA 3:41
J-Rod
6-13-12
Frank Jones
6-13-12
Karl Lapointe
6-13-12

Pat Wilson
J.W.
Tom Bl
JTB
Jessica Peam
S. Sab

16

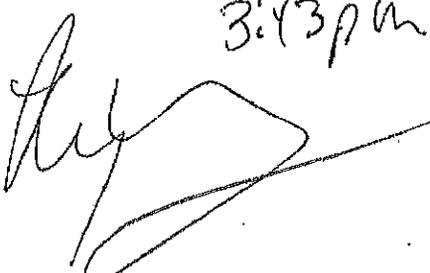
Union Proposal
To Management

Counter to Management proposal 6/13/2012 11:34 am

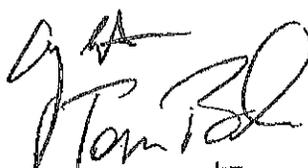
Bargaining Unit 12

Subject: Permanent Shift Changes

As a clarification of Article 7.4 Permanent Shift Change, it is agreed that in situations where a group of employees, in the same location and schedule are required to work two or more different permanent shifts, the employees will be allowed to bid for preference on the shifts they will be required to work as part of the permanent shift change.

TA 6/13/12
3:43pm

M.A. 115
6-13-12

TA 3:43
5:20
6-13-12
Paul Spina
6-13-12
Ken Capochant
6-13-12

Pat Wilson

Tom
84
Jessica Cream
SSch

18
MANAGEMENT PROPOSAL

6/13/12
11:35pm

Bargaining Unit: 12

Date: _____

Exclusive Representative: IUOE

Subject: Overtime Distribution

As a clarification of Article 7.7.D only, "seniority" is defined as continuous time worked in the local work location.

J.A. 6/13/12
3:45pm
[Signature]

TA 3:45
3:20
6-13-12

Frank Morris
6-13-12

W.A. 10
6-13-12

Ken Lepore
6-13-12

Det. Wilson
[Signature]
Tom
[Signature]
William
S. Sub

6/13/12

11:37

MANAGEMENT PROPOSAL

Bargaining Unit: 12

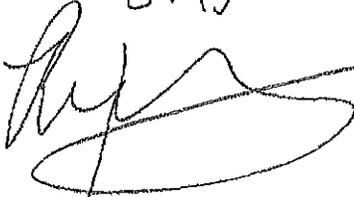
Date: _____

Subject: Out of Classification Assignments

At the request of the Director of IUOE BU 12, DPA shall have a mandatory grievance conference prior to issuing its response to the Out of Classification Grievance.

JA
6/13/12
3:45

TA 3:45
J-
6-13-12


Frank Thomas
6-13-12

Ken Capchait
6-13-12

Pat Wilson
G
Tom
BTD

JUSTICE TEAM
SSL

M.B. 10
6-13-12

Department of Personnel Administration
Bargaining Unit 12
International Union of Operating Engineers (IUOE)
2012 Side Letter Agreement
(Savings) / Cost
(Dollars in Thousands)

2012 Side Letter Agreement *			2012-13			2013-14			Total Incremental			Total Budgetary		
CBID	Costing Proposal	Eff Date	GF	OF	Total	GF	OF	Total	GF	OF	Total	GF	OF	Total
R12	Personal Leave Program	7/1/2012	(\$8,967)	(\$19,558)	(\$28,525)				(\$8,967)	(\$19,558)	(\$28,525)	(\$8,967)	(\$19,558)	(\$28,525)
R12	Total		(\$8,967)	(\$19,558)	(\$28,525)	\$	\$	\$	(\$8,967)	(\$19,558)	(\$28,525)	(\$8,967)	(\$19,558)	(\$28,525)

Statutorily and/or Existing Contract Adjustment **			2012-13			2013-14			Total Incremental			Total Budgetary		
CBID	Description	Eff Date	GF	OF	Total	GF	OF	Total	GF	OF	Total	GF	OF	Total
R12	Health Benefit - Extend January 2010 & 2011 Employer Contributions to units not in statute.	7/1/2012	\$2,443	\$5,329	\$7,773	\$996	\$2,173	\$3,169	\$3,440	\$7,502	\$10,942	\$5,883	\$12,832	\$18,714
R12	Total		\$2,443	\$5,329	\$7,773	\$996	\$2,173	\$3,169	\$3,440	\$7,502	\$10,942	\$5,883	\$12,832	\$18,714

* Included in the budget as of 2012-13 May Revision.

** These numbers are for informational purposes only. The 2012-13 numbers are included in the current budget. The out-year numbers will be included in future budgets.

2012 and 2013 Health rates are based on Actuals

2013 dental and vision rates are based on a 0% growth per Benefits

CBID	Employee Contribution to OPEB	Eff Date
R12	0.5% Prefunding of Retiree Health Benefits Redirect to FY2013-14	7/1/2013
R12	0.5% Prefunding of Retiree Health Benefits	7/1/2012

Prefunding of Retiree health Benefits 0.50% 2012-13 deferred to 2013-14 per side letter agreement 6-13-2012

OPEB contributions from employees will reduce State retiree health costs over the long term but are not likely to reduce State OPEB costs over the short-term.