



CALIFORNIA DEPARTMENT OF HUMAN RESOURCES

Office Of The Director

1515 S Street, North Building, Suite 400
Sacramento, CA 95811

www.calhr.ca.gov

Governor Edmund G. Brown Jr.

Director Julie Chapman

Chief Deputy Director, Howard Schwartz

August 21, 2013

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 John Pérez
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 12, International Union of Operating Engineers (IUOE) (Craft and Maintenance)

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

Recently, the Department of Human Resources (CalHR) reached a new Tentative Agreement/MOU with Bargaining Unit 12, the International Union of Operating Engineers (IUOE, Craft and Maintenance). Upon approval of the Legislature and the Governor, and ratification by the membership, this agreement will be effective July 1, 2013 through July 1, 2015.

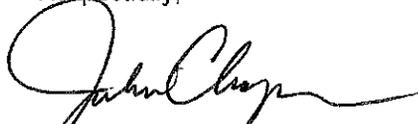
The agreement will roll over language from past agreements and make changes primarily in the area of employee compensation. This agreement provides a one-time bonus, and a prudent general salary increase contingent upon the projected revenues of the 2014-2015 budget. There are no mandatory furloughs or Personnel Leave Program (PLP) days in this contract.

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 summaries can also be found by going to the following link:
<http://www.calhr.ca.gov/state-hr-professionals/Pages/bargaining-contracts.aspx>

Currently, there is not a vehicle to approve the terms of this agreement.

Respectfully,



Julie Chapman
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, Office of the Legislative Analyst
Department of Finance

ecc:

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

Nick Schroeder, Consultant
Office of the Legislative Analyst

Richard Gillihan, Asst. Program Budget Manager
Department of Finance

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

Charles Wright, Chief Consultant
Office of the Pro Tem

Chris Woods, Budget Director
Office of the Speaker

Nick Hardeman, Chief Consultant
Office of the Speaker

Seren Taylor, Staff Director
Senate Republican Fiscal Office

Chantele Denny, Consultant
Senate Republican Fiscal Office

Anthony Archie, Consultant
Assembly Republican Fiscal Office

Peter Schaafsma, Staff Director
Assembly Republican Fiscal Office

Keely Bosler, Staff Director
Senate Budget Committee

Mark Ibele, Consultant
Senate Budget Committee

Christian Griffith, Staff Director
Assembly Budget Committee

Mark Martin, Consultant
Assembly Budget Committee

Mark McKenzie, Staff Director
Senate Appropriations Committee

Maureen Ortiz, Consultant
Senate Appropriations Committee

Geoff Long, Chief Consultant
Assembly Appropriations Committee

Roger Dunstan, Consultant
Assembly Appropriations Committee

Pamela Schneider, Consultant
Senate PE&R Committee

Karon Green, Chief Consultant
Assembly PER&SS Committee

Gary Link, Consultant
Senate Republican Caucus

Terry Mast, Consultant
Assembly Republican Caucus

Alene Shimazu, Chief
Fiscal Analysis, CalHR

Pam Manwiller, Deputy Chief
Labor Relations, CalHR

Randy Fischer, Assistant Deputy Director
Labor Relations, CalHR

Cindie Fonseca, LRO
Labor Relations, CalHR

**CALIFORNIA DEPARTMENT OF HUMAN RESOURCES
SUMMARY OF COLLECTIVE BARGAINING AGREEMENTS
FOR BARGAINING UNIT 12**

**Exclusive Employee Representative
International Union of Operating Engineers**

Number of Employees: Approximately 10,819 full-time equivalents

I. Retirement

Benefit Formula Calculation

- Bargaining Unit 12 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 12 employees who become CalPERS members on or after January 1, 2013, are subject to the State Safety PEPRA Retirement Formula of 2% at age 57.
- Bargaining Unit 12 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

- Effective July 1, 2013, all Second Tier members shall contribute 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, Unit 12 employees shall receive a one-time bonus of \$1200 (pro-rated for seasonal employees and employees with a time-base of less than full-time) and a 3% General Salary Increase (GSI) effective July 1, 2015.
 - The 2014 one-time bonus and GSI increase is contingent on the projected State revenues in the 2014-2015 Budget. If the funding is determined to be insufficient to fund the one-time bonus and GSI then all employees shall receive a 3.25% GSI effective July 1, 2015.

- The following increases are also contingent upon the projected State revenues in the 2014-2015 Budget:
 - Dependent Vesting of 75% (initial enrollment) and 100% (after 12 months)
 - Footwear Allowance increase of \$32
 - Uniform Reimbursement – CDF increase of \$20
 - Uniform Reimbursement – DPR increase of \$20

If these sections are not implemented on July 1, 2014, based on the conditions described above, they shall be effective July 1, 2015.

III. Health Benefits

Employer Contribution

- Upon ratification, the State's monthly contribution to the health insurance portion of each employee's allowance will be set at a dollar amount that equals the 80/80 formula. The amounts shall be increased on January 1, 2014, and January 1, 2015.

IV. Miscellaneous

- CalTrans employees not currently on a monthly pay cycle will be changed to the monthly pay cycle on July 1, 2014.
- The DWR Dispatcher Differential is removed from this Contract.
- Subject to Departmental approval and fiscal viability, employees may cash out up to 20 hours of Vacation/Annual leave per fiscal year. Each department head (Director, Executive Officer, Etc.) or designee will advise department employees whether the department has funds available for the purpose of cashing out accumulated Vacation/Annual Leave.
- Employees shall be allowed to Post and Bid into permanent positions that are being temporarily filled with temporary staff.
- The State and the Union will meet to review retirement plans for employees working at CalTrans and State Hospitals.
- The State and the Union will meet to review the uniform requirements for BU 12 employees at CALFire and State Parks.
- 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

V. Duration

- July 1, 2013 through July 1, 2015

VI. Fiscal

- FY 13/14 Cost: \$1.6 million (GF = \$0.5 million and OF = \$1.1 million)
- Total Incremental Cost: \$44.8 million (GF = \$14.3 million and OF = \$30.5 million)
- Total Budgetary Cost: \$53.4 million (GF = \$17.1 million and OF = \$36.3 million)

VII. Agreement

- The complete Tentative Agreement between the State and IUOE (BU 12) is posted at: <http://www.calhr.ca.gov/state-hr-professionals/Pages/bargaining-contracts.aspx>

CalHR
Bargaining Unit 12
IUOE BUDGETARY MOU Summary
2 Year Agreement (Trigger Met)
(Dollars in Thousands)

2 YEAR AGREEMENT													
Rank and File		FY2013-14			FY2014-15			FY2015-16			Total Budgetary		
Proposals	Effective Date	GF	OF	Total	GF	OF	Total	GF	OF	Total	GF	OF	Total
Costs													
Health Flat Rate 80/80	1/1/2014 1/1/2015	\$516	\$1,081	\$1,597	\$2,218	\$4,646	\$6,864	\$3,170	\$6,641	\$9,811	\$5,904	\$12,369	\$18,273
\$1,200 Bonus	7/1/14				\$4,463	\$9,350	\$13,813				\$4,463	\$9,350	\$13,813
\$32 Increase Footwear Allowance	7/1/14				\$1	\$122	\$124	\$1	\$122	\$124	\$3	\$245	\$247
\$20 Increase Uniform Allowance	7/1/14				\$7	\$14	\$21	\$7	\$14	\$21	\$14	\$29	\$43
3% GSI	7/1/15				\$	\$	\$	\$6,692	\$14,348	\$21,040	\$6,692	\$14,348	\$21,040
Total Costs		\$516	\$1,081	\$1,597	\$6,689	\$14,133	\$20,822	\$9,870	\$21,126	\$30,996	\$17,075	\$36,340	\$53,416
Non-adds													
PEPRA - New Employees Future Savings	1/1/15				(\$43)	(\$91)	(\$134)	(\$87)	(\$182)	(\$268)	(\$130)	(\$272)	(\$402)
Health - Dependent Vesting 75/100	7/1/14				\$159	\$333	\$492	\$164	\$344	\$508	\$323	\$677	\$1,000
Travel reimbursement increases	7/1/13	\$55	\$116	\$172	\$55	\$116	\$172	\$55	\$116	\$172	\$166	\$349	\$515
Dental	1/1/2014 1/1/2015	(\$134)	(\$280)	(\$414)	(\$30)	(\$63)	(\$93)	\$78	\$164	\$243	(\$85)	(\$179)	(\$264)
Total Non-adds		(\$78)	(\$164)	(\$242)	\$141	\$296	\$437	\$211	\$443	\$654	\$274	\$574	\$849
Data Source: Position Benefits file March 2013; SCO Table 183 April 2013													
General Salary Increase - 3% GSI effective 7/1/15													
Per DOF, while PEPRA is in effect January 1, 2013, savings are not realized until January 1, 2015.													
Travel dollars provided by DOF													

CalHR
Bargaining Unit 12
IUOE INCREMENTAL MOU Summary
2 Year Agreement (Trigger Met)
(Dollars in Thousands)

2 YEAR AGREEMENT		2013-14			2014-15			2015-16			Total Incremental			Total Budgetary		
Rank and File	Effective Date	GF	OF	Total	GF	OF	Total	GF	OF	Total	GF	OF	Total	GF	OF	Total
Costs																
Health Flat Rate 80/80	1/1/2014															
	1/1/2015	\$516	\$1,081	\$1,597	\$1,702	\$3,565	\$5,267	\$952	\$1,995	\$2,947	\$3,170	\$6,641	\$9,811	\$5,904	\$12,369	\$18,273
\$1,200 One-time Bonus	7/1/14				\$4,463	\$9,350	\$13,813				\$4,463	\$9,350	\$13,813	\$4,463	\$9,350	\$13,813
\$32 Increase Footwear Allowance	7/1/14				\$1	\$122	\$124				\$1	\$122	\$124	\$3	\$245	\$247
\$20 Increase Uniform Allowance	7/1/14				\$7	\$14	\$21				\$7	\$14	\$21	\$14	\$29	\$43
3% GSI	7/1/15							\$6,692	\$14,348	\$21,040	\$6,692	\$14,348	\$21,040	\$6,692	\$14,348	\$21,040
Total Costs		\$516	\$1,081	\$1,597	\$6,173	\$13,052	\$19,225	\$7,644	\$16,343	\$23,987	\$14,333	\$30,476	\$44,809	\$17,075	\$36,340	\$53,416
Non-adds																
PEPRA - New Employees Future Savings	1/1/15				(\$43)	(\$91)	(\$134)	(\$43)	(\$91)	(\$134)	(\$87)	(\$182)	(\$268)	(\$130)	(\$272)	(\$402)
Health - Dependent Vesting 75/100	7/1/14				\$159	\$333	\$492	\$5	\$11	\$16	\$164	\$344	\$508	\$323	\$677	\$1,000
Travel reimbursement increases	7/1/13	\$55	\$116	\$172							\$55	\$116	\$172	\$166	\$349	\$515
Dental	1/1/2014															
	1/1/2015	(\$134)	(\$280)	(\$414)	\$104	\$217	\$321	\$108	\$227	\$336	\$78	\$164	\$243	(\$85)	(\$179)	(\$264)
Total Non-adds		(\$78)	(\$164)	(\$242)	\$219	\$460	\$679	\$70	\$147	\$217	\$211	\$443	\$654	\$274	\$574	\$849
Data Source: Position Benefits file March 2013; SCO Table 183 April 2013																
General Salary Increase - 3% GSI effective 7/1/15																
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