



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

August 22, 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:

On May 13, 2014, the Department of Human Resources (CalHR) submitted a Tentative Agreement/MOU with Bargaining Unit 13. That agreement was not ratified by union membership. CalHR has since reached a new Tentative Agreement with BU 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 again rolls over language from past agreements and provides employees a one-time payment of \$250.00. The attached Legislative Summary lists the primary contract sections that changed between the two agreements.

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 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

Alene Shimazu, Chief
Financial Management, CalHR

Anthony Archie, Consultant
Assembly Republican Fiscal Office

Eric Swanson, Staff Director
Assembly Republican Fiscal Office

Mark Ibele, Staff Director
Senate Budget Committee

Joe Stephenshaw, Consultant
Senate Budget Committee

**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

General Provisions:

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 two percent (2%) at age 62.
- Bargaining Unit 13 employees who become CalPERS members on or after January 1, 2013, are subject to the State Safety PEPRA Retirement Formula of two percent (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 one and one-quarter percent (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 Bargaining Unit 13 Second Tier members shall contribute one and one-half percent (1.5%) of monthly pensionable compensation and the contribution will increase by one and one-half percentage (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 two percent (2%) General Salary Increase (GSI).

- Effective July 1, 2015, all BU 13 represented classifications will receive a two and one-half percent (2.5%) GSI.

One-Time Payment

- Upon ratification of the tentative agreement, all eligible Bargaining Unit 13 employees will receive a one-time payment of \$250.00.

Water and Sewage Plant Operator Differential

- Effective July 1, 2014, and following Union ratification of this agreement and upon approval of funding by the Legislature, 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 two percent (2%) differential each month.

Department of Corrections and Rehabilitation – Recruitment and Retention

- Effective July 1, 2015, 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 Union ratification of this agreement, the overtime meal allowance provided by Cal Trans will increase from \$5.00 to \$6.00.

III. Health Benefits

Employer Contribution

- The State's monthly contribution to the health insurance portion of 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

- Effective the first day of the pay period following Union ratification of the agreement, 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 seventy five (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 Union ratification of this agreement, 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 MOU, a provision to appropriate funds to cover the economic terms of this agreement through July 1, 2016.
- The State and IUOE Bargaining Unit 13 agree to negotiate a successor MOU with the intent to, if economically feasible, address job specifications and certification requirements for Stationary Engineers and Stationary Engineers (Correctional Facility) and to develop a joint economic proposal designed to reduce pay disparity, if economically feasible, as determined by the State.
- The State and IUOE Bargaining Unit 13 agree to negotiate a successor MOU with the intent of revising State Water/Sewage Plant Supervisors

and Water/Sewage Plant Operator job specifications to develop a joint economic proposal for a successor MOU, designed to reduce pay disparity, if economically feasible as determined by the State.

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

- Effective July 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. For Fiscal Year 2014-15 only, BU 13 employees will be allowed to cash out up to 40 hours of vacation or annual leave.
- Changes between this and the May 13, 2014, BU 13 Tentative Agreement can be found within Articles, 9.15, 9.17, 14.2, and 16.3.

V. Duration

- July 2, 2013, through July 1, 2016

VI. Fiscal

- FY14/15 Cost: \$2.4 million, \$1.6 million GF
- FY15/16 Cost: \$2.8 million, \$2.0 million GF
- Total Incremental Cost: \$5.2 million, \$3.6 million GF
- Total Budgetary Cost: \$7.3 million, \$5.1 million GF

VII. Agreement

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

California Department of Human Resources
 Bargaining Unit 13
 BUDGETARY MOU Summary
 3 Year Agreement
 (Dollars in Thousands)

3 YEAR AGREEMENT													
Rank and File		2013-14			2014-15			2015-16			Total Budgetary		
Proposals	Effective Date	GF	OF	Total	GF	OF	Total	GF	OF	Total	GF	OF	Total
Costs													
	10/1/14												
	1/1/15												
Health Flat Rate 80/80	1/1/16				\$237	\$107	\$344	\$642	\$290	\$932	\$880	\$397	\$1,276
Pay Differential 338 - 2% for Level II Water/Waste Water	7/1/14				\$59	\$16	\$75	\$60	\$16	\$76	\$119	\$32	\$151
Continuing Education	7/1/14				\$19	\$5	\$24	\$33	\$9	\$42	\$51	\$14	\$66
\$2400 Pay Differential	7/1/15				\$	\$	\$	\$87	\$12	\$98	\$87	\$12	\$98
\$250 One-Time Payment	7/1/14				\$177	\$80	\$256				\$177	\$80	\$256
2% GSI	7/1/14				\$1,142	\$515	\$1,657	\$1,142	\$515	\$1,657	\$2,285	\$1,030	\$3,315
2.5% GSI	7/1/15				\$	\$	\$	\$1,457	\$657	\$2,113	\$1,457	\$657	\$2,113
Total Costs		\$	\$	\$	\$1,634	\$723	\$2,356	\$3,421	\$1,498	\$4,919	\$5,054	\$2,221	\$7,275
Non-adds													
Health - Dependent Vesting	10/1/14				\$15	\$7	\$22	\$22	\$10	\$31	\$37	\$16	\$54
\$1 Increase to Overtime Meals	7/1/14				\$	\$	\$	\$	\$	\$	\$	\$	\$
	1/1/14												
	1/1/15												
Dental	1/1/16				\$	\$	\$1	\$11	\$5	\$17	\$12	\$5	\$17
Travel reimbursement increases	7/1/14				\$9	\$6	\$15	\$9	\$6	\$15	\$19	\$11	\$30
PEPRA - New Employees Future Savings	1/1/15				(\$7)	(\$3)	(\$11)	(\$15)	(\$7)	(\$21)	(\$22)	(\$10)	(\$32)
Total Non-adds		\$	\$	\$	\$18	\$9	\$27	\$28	\$14	\$41	\$45	\$23	\$69
Grand Total		\$	\$	\$	\$1,651	\$732	\$2,384	\$3,448	\$1,512	\$4,960	\$5,100	\$2,244	\$7,344
Travel dollars were provided by DOF.													
There are 5 months of additional 2016 health and dental costs that are not shown.													
PEPRA is in effect January 1, 2013, savings are not realized until January 1, 2015.													
40 hour cash out is available per fiscal year if departments determine funds are available.													
2014-15 Dental costs are shown as a non-add as they have already been incorporated in the Budget Act of 2014, pursuant to Item 9800.													

California Department of Human Resources
 Bargaining Unit 13
 INCREMENTAL MOU Summary
 3 Year Agreement
 (Dollars in Thousands)

3 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																
	10/1/14															
	1/1/15															
Health Flat Rate 80/80	1/1/16				\$237	\$107	\$344	\$405	\$183	\$587	\$642	\$290	\$932	\$880	\$397	\$1,276
Pay Differential 338 - 2% for Level II Water/Waste Water	7/1/14				\$59	\$16	\$75	\$1	\$	\$2	\$60	\$16	\$76	\$119	\$32	\$151
Continuing Education	7/1/14				\$19	\$5	\$24	\$14	\$4	\$18	\$33	\$9	\$42	\$51	\$14	\$66
\$2400 Pay Differential	7/1/15							\$87	\$12	\$98	\$87	\$12	\$98	\$87	\$12	\$98
\$250 One-Time Payment	7/1/14				\$177	\$80	\$256				\$177	\$80	\$256	\$177	\$80	\$256
2% GSI	7/1/14				\$1,142	\$515	\$1,657				\$1,142	\$515	\$1,657	\$2,285	\$1,030	\$3,315
2.5% GSI	7/1/15							\$1,457	\$657	\$2,113	\$1,457	\$657	\$2,113	\$1,457	\$657	\$2,113
Total Costs		\$	\$	\$	\$1,634	\$723	\$2,356	\$1,963	\$855	\$2,819	\$3,597	\$1,578	\$5,175	\$5,054	\$2,221	\$7,275
Non-adds																
Health - Dependent Vesting	10/1/14				\$15	\$7	\$22	\$6	\$3	\$9	\$22	\$10	\$31	\$37	\$16	\$54
\$1 Increase to Overtime Meals	7/1/14				\$	\$	\$				\$	\$	\$	\$	\$	\$
	1/1/14															
	1/1/15															
Dental	1/1/16				\$	\$	\$1	\$11	\$5	\$16	\$11	\$5	\$17	\$12	\$5	\$17
Travel reimbursement increases	7/1/14				\$9	\$6	\$15				\$9	\$6	\$15	\$19	\$11	\$30
PEPRA - New Employees Future Savings	1/1/15				(\$7)	(\$3)	(\$11)	(\$7)	(\$3)	(\$11)	(\$15)	(\$7)	(\$21)	(\$22)	(\$10)	(\$32)
Total Non-adds		\$	\$	\$	\$18	\$9	\$27	\$10	\$4	\$14	\$28	\$14	\$41	\$45	\$23	\$69
Grand Total		\$	\$	\$	\$1,651	\$732	\$2,384	\$1,973	\$860	\$2,833	\$3,625	\$1,592	\$5,216	\$5,100	\$2,244	\$7,344
Travel dollars were provided by DOF.																
There are 5 months of additional 2016 health and dental costs that are not shown.																
PEPRA is in effect January 1, 2013, savings are not realized until January 1, 2015.																
40 hour cash out is available per fiscal year if departments determine funds are available.																
2014-15 Dental costs are shown as a non-add as they have already been incorporated in the Budget Act of 2014, pursuant to Item 9800.																