

GEM/UPEC Negotiations

Declaration of Impasse and Notice of Final Offer of Settlement 08-31-16

Background

Review of City Employer Relations Regulations reveals the following sections pertinent to an impasse in negotiations:

Section 25-16.12 Impasse Procedures

a. Either party may determine that the meet and confer process has reached impasse as defined in Section 16.02 and may invoke the procedures of this section. Impasse procedures shall be commenced when one party files written notice on the other that impasse has been reached. At such time, the involving party shall, with the written notice, serve the other party with a final offer of settlement. Within three (3) working days of said written notice, the other party shall serve the invoking party with their final written offer of settlement.

Section 16.02 defines impasse as follows:

IMPASSE: Inability of the City and a recognized employee organization to reach, after negotiations and exchange of proposals, agreement on the terms of a memorandum of understanding.

It is clear to the GEM/UPEC team and membership that we have reached an impasse in negotiations as defined by City regulations. GEM/UPEC is, therefore, declaring impasse and presenting the City with a final offer of settlement pursuant to Section 25-16.12.

Final Offer of Settlement

1. **Term:** GEM proposes a two-year term, 7-1-16 through 6-30-18. All economic items to be effective 7-1-16 unless specified otherwise (retroactive).
2. **Salary:** GEM proposes the following increases for all represented classifications each year of the two year contract:
 - 5% effective 7-1-16.
 - 4% effective 7-1-17.
3. **HPSF:** GEM proposes the current formula (City to increase HPSF by the first 9% increase in PERS Choice dependent medical) for the term of the contract modified as followed:
 - The amount of 9% not used in 2017 to be carried over to 2018 as a credit (9% - 3.12% = 5.88% credit) and added to the 9% available for 2018.

5.88% + 9% = 14.88%. City to pay first 14.88% of PERS Choice dependent increase in 2018.

- For 2017 Plan Year single coverage to increase to \$900 per month.
 - For 2018 Plan Year single coverage to increase to \$925 per month.
4. **Commercial Driver's License (CDL):** GEM proposes to increase the current \$0.60 per hour to 5% of base pay in recognition of the impact and added responsibility maintaining a CDL has on the employees who provide this service to the City. This pay to be applied to each classification that requires a CDL as condition of employment.
 5. **Unpaid Leave:** GEM proposes to amend Article 26 from the current "up to 20 hours of voluntary unpaid leave annually" to "up to 40 hours of voluntary unpaid leave annually".
 6. **Notary Pay:** GEM proposes to implement a \$100 per month stipend (\$1,200 per year) for up to five (5) GEM-represented employees who provide notary services to the city (similar to Section 21: Bilingual Pay).
 7. **Flexible Work Schedules:** GEM proposes agreement to the language previously agreed to by the parties on 5-13-16.
 8. **Recreation Fees:** Agree to language proposed by the City dated 6-16-16 pending review of the revised language in the Policy.
 9. **Non-Emergency Shift Change Minimum Notice:** GEM proposes employees shall be notified a minimum of seven (7) calendar days in advance of any non-emergency shift schedule change.

Additional Information

GEM/UPEC members assisted the City during the economic downturn by paying 11% of pension costs and delaying expectations of reasonable Cost of Living Adjustments. The economic downturn, however, is over. Since 2009, GEM membership has received the following yearly salary increases:

- 2009: 0%
- 2010: 2%
- 2011: 3%
 - Concurrently, employee PERS retirement contribution increased from 8% to 11%.
- 2012: 0%
- 2013: 1.5%
- 2014: 1.5%
- 2015: 1%

This amounts to an 9% raise over the past seven years, offset by a 3% increase in employee PERS contributions, for a net increase of 6% overall. Over that same time

period, the San Francisco Bay Area Consumer Price Index, which measures the local cost of living, has increased by 15% (Source: US Bureau of Labor Statistics). Leaving GEM members with 9% less purchasing power than they had in 2008 as a result of inflation and increased PERS contributions.

Additionally, over that same time period, GEM membership has had to pick up significant healthcare premium increases from their own pockets. For example, in 2015, PERS Choice health insurance premiums increased by 22%, leaving GEM members with families being forced to pick up 13% of that increase out of their own pockets.

In anticipation of a discussion on the City's 'ability to pay', GEM/UPEC contracted with Mr. Tim Reilly, CPA, to conduct a financial analysis of the City. Mr. Reilly's concluded the City is financially healthy and growing stronger. Attached for the City's review is a copy of Mr. Reilly's analysis. Cost to the City General Fund for a 1% salary increase, according to the City, is \$116,000. Clearly, the City can afford increase necessary to restore delayed cost of living adjustments.

In 2007, the City Council adopted "Value Drivers" to guide policy decisions. One of the Value Drivers is pertinent to these negotiations: ***providing sufficient resources and support to develop and retain a high quality work force.***

Adopting the GEM/UPEC settlement offer is consistent with this City Council Value Driver.

Conclusion

If accepted as presented, the GEM/UPEC team will recommend ratification of this Settlement Offer. If rejected, the GEM/UPEC team will participate in an impasse meeting in a final effort to resolve open issues. If an agreement cannot be reached at the impasse meeting, GEM/UPEC will participate in mediation and fact-finding in a continued effort to reach agreement with the City.