



## Legislation Text

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File #: 20-0948, Version: 1

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Recommendation to adopt resolution approving Memoranda of Understanding with the International Association of Machinists and Aerospace Workers and the Long Beach Supervisors Employees Association. (Citywide)

In accordance with instructions from the City Council, Memoranda of Understanding (MOU) agreements have been reached with two miscellaneous bargaining units. Since August 2019, City management has met with representatives of the following bargaining units to discuss their successor MOU terms:

1. International Association of Machinists and Aerospace Workers (IAM) - approximately 3,000 employees
2. Long Beach Supervisors Association (LBSEA) - approximately 100 employees

The current MOUs expired on September 30, 2019. The proposed successor MOUs and summary of key provisions applicable to each respective bargaining unit are found in Attachment A and B of the Resolution. The proposed City Council Resolution also extends the IAM MOU terms to unrepresented non-management employees as outlined in Attachment C of the Resolution.

### General MOU Terms

The two tentative agreements include a phased-in approach for structural wage increases that are in line with the needs of each bargaining unit to remain competitive with other public sector agencies in their respective fields. The tentative agreements also contain key benefit enhancements that apply to all, to enhance employees' ability to balance work and personal lives. Benefit provisions found in all tentative agreements are:

1. New Paid Parental Leave: Full-time employees eligible for City health benefits who have completed 6 months of full-time City service will be eligible for up to 30 consecutive days (160 hours-4/10 shift; 192 hours-platoon shift) of Paid Parental Leave following the birth of a child, adoption of a child, or placement of a foster child in their home.
2. Additional City Holiday: In 2021, employees will receive one additional paid City holiday (Election Day - 1<sup>st</sup> Tuesday after November 1<sup>st</sup> every year).
3. Short-Term/Long-Term Disability Insurance: Extend employer-paid short-term and long-

term disability plan(s), in addition to a voluntary supplemental long-term disability option to miscellaneous employees.

4. Vacation, Holiday In-Lieu, and Personal Holiday Accrual Maximum: In 2021, the City will implement revised vacation, personal holiday, and in-lieu holiday accrual maximums. This will provide greater clarity on the accruals and accommodate the City's LB COAST HR system requirements.
  - a. New employees may utilize accrued vacation hours upon completing 6 months of employment versus the current 12-month wait period.
  - b. In light of the COVID-19 pandemic, the vacation accrual maximum will be temporarily increased to four years through December 31, 2023 and will revert to the three years effective January 1, 2024.
5. Bereavement Leave: Replaces current bereavement leave provision with new language clarifying non-eligible employees, adding new eligible family members, and establishing clarifying language regarding annual maximums.
6. Sick Leave Usage: Expands the number of sick leave accruals employees can use for absence from duty for personal medical appointments or attend to their ill, eligible family member(s) while on a protected leave.
7. 9/80 Schedule Policy: Guidelines regarding 9/80 work schedules, effective January 1, 2021.
8. Gympass: Pilot gym discount program for employees to promote and improve employee well-being, health, and fitness. Participation in the program is voluntary.

## COVID-19 Impact

In recognition of the emerging financial conditions caused by the COVID-19 pandemic, all associations have agreed to include a Labor Costing Savings Re-Opener clause in the event the Mayor and City Council officially declare an economic emergency.

Additionally, both groups will participate in cost savings measures to address these financial impacts. Specifically, miscellaneous groups listed above for approval of a successor MOU have agreed to a 26-day furlough in the Fiscal Year 2021 (FY 21), with an alternative option for select critical positions on an exception basis. The furloughs are expected to generate \$6.3 million in one-time General Fund savings.

This matter was reviewed by Principal Deputy City Attorney Gary J. Anderson and Budget Manager Grace H. Yoon on September 10, 2020.

City Council action is requested on September 15, 2020, to ensure timely implementation of the MOU provisions.

These agreements combined have a total estimated annual net fiscal impact of \$8.3 million in the General Fund Group and \$22.4 million across All Funds once completely implemented in FY 24. The total structural (ongoing) cost increase resulting from the agreements is the same amount as these agreements do not have any one-time payments. The tables below show the breakdown of these costs by bargaining unit, fiscal year, and General Fund and All Funds:

#### **IAM Contract Cost by Fiscal Year (in \$ millions)**

| <b>Fund</b>  | <b>FY 20</b> | <b>FY 21</b> | <b>FY22</b> | <b>FY 23</b> | <b>FY 24</b> | <b>Total</b> |
|--------------|--------------|--------------|-------------|--------------|--------------|--------------|
| General Fund | 1.2          | 1.4          | 2.8         | 2.1          | 0.4          | 7.9          |
| All Funds    | 3.2          | 3.5          | 7.2         | 5.5          | 1.1          | 20.6         |

#### **LBSEA Contract Cost by Fiscal Year (in \$ millions)**

| <b>Fund</b>  | <b>FY 20</b> | <b>FY 21</b> | <b>FY22</b> | <b>FY 23</b> | <b>FY 24</b> | <b>Total</b> |
|--------------|--------------|--------------|-------------|--------------|--------------|--------------|
| General Fund | 0.04         | 0.04         | 0.03        | 0.03         | 0.0          | 0.15         |
| All Funds    | 0.3          | 0.4          | 0.3         | 0.3          | 0.0          | 1.2          |

#### **Unrepresented Non-Management Cost by Fiscal Year (in \$ millions)**

| <b>Fund</b>  | <b>FY 20</b> | <b>FY 21</b> | <b>FY22</b> | <b>FY 23</b> | <b>FY 24</b> | <b>Total</b> |
|--------------|--------------|--------------|-------------|--------------|--------------|--------------|
| General Fund | 0.05         | 0.05         | 0.06        | 0.08         | 0.02         | 0.3          |
| All Funds    | 0.10         | 0.10         | 0.14        | 0.17         | 0.04         | 0.5          |

The net fiscal impact of the agreements includes the cost of the wage increases and other wage and benefit costs. The FY 21 cost savings related to furloughs or other similar concessions by bargaining unit, which are not included in the above net fiscal impact of the agreements, are estimated as follows (the savings only occur in one year - FY 21):

| <b>Cost Savings in FY21 by Association</b> |                     |                  |
|--|---------------------|------------------|
| <b>Association</b>                         | <b>General Fund</b> | <b>All Funds</b> |
| IAM  | \$6.0 million       | \$16.3 million   |
| LBSEA                                      | \$0.1million        | \$1.0 million    |
| Unrepresented (Non-Mgmt.)                  | \$0.2 million       | \$0.3 million    |

The net structural costs in the FY 20 (\$1.3 million in the General Fund Group and \$3.6 million in All Funds) will likely need to be funded in part or all from operating or emergency reserves for the General Fund, as it is currently expected that there will be no operating savings because of the pandemic. The most recent General Fund projection for FY 20 is a \$25 to \$41 million shortfall, which included an estimate for potential negotiated agreements. That projection will be updated as soon as practical. For FY 21, both the FY 20 and FY 21 structural costs (total of \$2.7 million in the General Fund Group and \$7.6 million in All Funds) will need to be included in the FY 21 budget; the Proposed FY 21 Budget for the General Fund included a placeholder estimate for these potential bargaining results and is already factored into the Proposed FY 21 Budget balancing. For FY 22 and FY 23, the net cost (as different from any placeholders for those years) will be factored into future projections and any necessary adjustments to balance the budget will take place as part of the proposed budget development process in those years. This recommendation has a moderate staffing impact to implement the payroll changes but is within the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

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APPROVED:

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