

City: Long Beach

John Kilgore Speaker Notes – January 8, 2019

Mayor: Robert Garcia

Assigned Sanitation Districts Director: Dee Andrews

Swap Details: Long Beach transitioned to the employees making their CalPERS

Member Contribution of 8% during 2013 and 2014. Employees received 11% over the two years, with a swap of the member contribution as compensation and a 3% COLA.

- Thank you Mayor Garcia and Councilmembers for allowing me to speak this evening. My name is John Kilgore and I am a Supervising Engineer employed by the County Sanitation Districts, located in Whittier CA. I have nearly 35 years of service with this agency.
- I am speaking on behalf of over 800 fellow employees across six bargaining units ranging from clerical and technical support, to professional accountants, scientists, and engineers. These units represent well over half of our staff.
- I am here to talk to you about ongoing labor negotiations at the Sanitation Districts - where we are still at an impasse after 20 months of collective bargaining - and the turmoil, anger, and mistrust these negotiations have generated within our agency.
- As you may know, the Sanitation Districts oversees a vast infrastructure of solid waste and wastewater operations for 78 cities including this one, countywide. Our work in science and engineering is vital to protecting both public health and the environment.
- We take great pride in the industry recognition we receive year after year for delivering world class services as well as maintaining exceptionally low rates to the residents we serve. Fact: Your neighbors to the West - OC Sanitation Districts - charge their ratepayers nearly double what we do.
- Despite the excellent service we provide, Sanitation Districts' Management is trying to force a pay cut on all employees, one that will adversely impact workers' families during the remaining years of employment and in retirement.
- And to be clear, the employees are not asking for anything outlandish... our ask is to merely get a reasonable annual Cost of Living Adjustment that keeps up with inflation... AND to NOT have our compensation cut.
- Astonishingly, our Management admits that there is no financial reason for the pay cut. The Sanitation Districts has strong, prudent reserves and is 'AAA' rated by creditors; the recently approved budgets and rate structure already accommodate what the employees are asking for; future pension funding is not an issue since we are nearly fully funded; and we have the lowest service charge rates of any metropolitan area in the United States.

- The most unbelievable part of this story is that Sanitation Districts Management has also authorized the withholding Cost of Living Increases for two consecutive years in an attempt to leverage the employees into accepting the pay cut... all in the middle of a robust economy with 3% to 4% inflation. In short, our families are hurting.
- So, what happens when Management unfairly harms the employees and trust is broken? The employees unionize. Personally, I have never been pro-union, and never imagined myself as a member of AFSCME. But, when Management tried to bully the employees into pay cuts, the only option for these 800 + employees was to unionize to fight for a fair contract.
- Over the course of our 20 months of bargaining, we have been through both mediation and fact finding... and the Fact Finder confirmed two very important facts: First, that the Districts can easily afford what the employees are asking for. Second, that what we're asking for won't increase rates at all. So, what's the big hang-up?
- In the past, the Sanitation Districts agreed to pay the employees' member contribution to CalPERS in lieu of an 8.5% Cost of Living Adjustment owed to the employees. That payment has always been made out of the employees' compensation pre-tax. Management now wants to simply take that payment away - without making the employees whole on compensation - and force them to then pay this contribution out of their reduced compensation.
- The fact is, most agencies in California - and most cities in the Sanitation Districts' service area, including the City of Long Beach - have already negotiated to have the employees pay their pension contribution while giving them a corresponding raise to ensure compensation isn't eroded. The City of Long Beach did exactly that over a two year period of transition in 2013 and 2014 when employees received an 8% Swap for their member contribution plus a 3% COLA. We are asking for the same thing... to continue paying our fair share without a pay cut.
- In two consecutive polls of AFSCME's membership, the majority said they would not accept our Management's arbitrary and harmful takeaway, and would take job action up to and including a strike, if need be.
- Let's be clear... no one wants a strike. Today, the City of Long Beach and our other member cities are not getting the agency's best efforts due to the ongoing demoralization of the workforce created by the distrust and animus between staff and our Management. This only hastens employees wanting to leave for greener pastures and makes it harder to hire the most qualified employees. A strike would be devastating for all.

- So, what can you do? We are asking that each of you sign a letter asking the Sanitation Districts Management to immediately withdraw their unreasonable position of a pay cut, and resolve the labor dispute with a fair contract for the employees. I have left a sample support letter for your consideration.
- Also, I don't want to leave tonight without thanking Councilman Dee Andrews... not for specifically supporting union efforts or indirectly siding with employees on our pension contribution issue. No, I want to thank Councilman Andrews for his empathy, his caring, and sense of justice in supporting the hard-working sanitation districts employees... middle-class workers who are just trying to keep up with inflation and not have their future pay cut.

THANK YOU for your time and support.

January __, 2019

Ms. Grace Robinson Hyde
Sanitation Districts of Los Angeles County
1955 Workman Mill Rd.
Whittier, CA 90601

RE: AFSCME Negotiations

Dear General Manager and Chief Engineer:

It has come to my attention that almost 1000 of your professional, energy recovery, professional supervisory, supervisory, technical support, and white collar employees have recently affiliated with AFSCME and that labor-management negotiations between AFSCME and your office appears to be strained. You should understand that I have a great working relationship with AFSCME and I feel it appropriate to weigh in on the importance of addressing their concerns.

It has been my experience that LACSD employees provide exceptional service to the agency and the community. Such service shouldn't be degraded by proposals that seek to take benefits, or otherwise diminish employee earnings – especially when your agency is blessed with strong financial capacity.

I understand their proposal for a full swap and COLA not only addresses their concerns about longstanding agreements and vesting, but also meets the agency's mission to attract and retain exceptional employees. I urge you to reach that settlement and honor your great workforce and recognize their value to the community.

Thank you in advance for your consideration and for your leadership on this pressing issue. If you have any questions, please do not hesitate to contact my office at XXXX

What is still in dispute @ the Sanitation Districts (“The Districts”)?

The Districts’ Management Position: Sanitation workers would progressively transition from the employer paying 7% of the employee’s pre-tax compensation to CalPERS (a 7% Employer Paid Member Contribution, or EPMC) to an out-of-pocket contribution to CalPERS by 0.5% each year – after a five year period, the out-of-pocket contribution would be 2.5% and the EPMC contributed would be 4.5%. Sanitation Workers would thereby have their final compensation reported to CalPERS reduced by 0.5% each year (2.5% reduction in total).

- The net effect on sanitation workers would be a **2.5% cut** in their pension AND a **2.5% cut** in their future employment earnings, with the expectation that the Districts would ultimately take the entire 7% CalPERS contribution. For most employees, this means a loss of **hundreds of thousands of dollars** over their remaining life...

Union’s Position: Sanitation workers would pay **ALL 7%** of their contribution to CalPERS and in return get a corresponding pay increase to maintain both their total compensation and future pension.

- The net fiscal effect on sanitation workers (*and the Districts*) is **neutral**.
 - The vast majority of member cities have already taken the same approach.

Important Points

The Districts’ sanitation workers have provided a historical **culture of excellence**:

- The Districts’ **rates are lower** than any similar agency in the nation. Rates are about **half** that of the City of LA and Orange County.
- Sanitation workers have won countless industry awards and continually make important scientific and environmental advances that **protect public health**.

In Fact-Finding, the neutral Fact Finder found the following:

- The Districts **can afford** to pay the cost of the Union’s proposal.
- **Rates won’t change** because the Districts’ budgets and rates **already incorporate** the costs of the Union’s proposal.
- The Union made a persuasive argument to **preserve vested pension rights**.
 - In 1982, the Districts started paying full EPMC on behalf of sanitation workers instead of giving a 7% COLA. The Districts promised the EPMC was still sanitation worker’s property.
 - Case law makes clear that vested rights must either be replaced with a “new comparable advantage” or be clearly preserved in the MOU.

Recruitment and retention is at an all-time low:

- About **30 openings** have gone months unfilled – even after lowering the requirements for engineers. It’s so bad, the Districts mailed 30,000 letters to every registered engineer in the tri-county area in an effort to fill vacancies. The response was still abysmal.
- There’s about **10% voluntary attrition** amongst newly hired sanitation workers over the last two years.

Employee satisfaction is at an all-time low:

- Nearly 1000 sanitation workers (almost two-thirds of the workforce) recently signed a petition of **no confidence** in upper management.
- Hundreds of sanitation workers signed a letter citing **ethical violations** by upper management.
 - The Chief Engineer/General Manager was **fined** by the FPPC for failure to report a personal relationship with an employee at the Districts’ law firm which has received numerous no-bid, contract renewals.
 - The Union filed **7 unfair labor practice complaints** in the last two years.
 - The Districts has unlawfully held two-year’s worth of COLAs hostage.
 - The Districts repeatedly tried to silence sanitation workers’ complaints about negotiations.
 - The Districts refused to provide information and bargain over policy changes.

The Union suggested numerous types of **compromises** to address the Districts’ concerns:

- A **cost saving** committee with specific savings goals.
- **Various different contributions** similar in value to that of Blue Collar workers.

ALL ideas were rejected by upper management who has **not offered even ONE alternative...**

For questions or more detailed information, please call or e-mail Steve Koffroth at 213-305-9344 or skoffroth@afscme36.org