

CITY DRAFT
April 7, 2014

MEMORANDUM OF UNDERSTANDING

BETWEEN THE

CITY OF REDLANDS

AND THE

REDLANDS ASSOCIATION OF
DEPARTMENT DIRECTORS

JULY 1, 2013 - JUNE 30, 2015



MEMORANDUM OF UNDERSTANDING

Between

The City of Redlands

And

Redlands Association of Department Directors

July 1, 2013 – June 30, 2015

TABLE OF CONTENTS

Article 1. Term of Memorandum of Understanding..... 1

Article 2. Preamble 1

Article 3. Recognition..... 1

Article 4. Terms and Conditions of Employment 1

Article 5. Salaries and Additional Compensation Adjustments 1

Article 6. Retirement..... 3

Article 7. Tuition Reimbursement 4

Article 8. Educational Incentive..... 4

Article 9. Auto Allowance..... 4

Article 10. Uniform Allowance 5

Article 11. Insurance 5

Article 12. lifetime medical 6

Article 13. HOLIDAYS..... 6

Article 14. Annual Leave 7

Article 15. Accrual Payment on Retirement..... 7

Article 16. Employee Severance Compensation..... 7

Article 17. Family Medical Care Leaves 8

Article 18. Deferred Compensation 8

Article 19. Flexible Savings Plan 8

Article 20. Employee Assistance Program 8

Article 21. Bereavement Leave 8

Article 22. Management Rights 8

Article 23. Savings Clause..... 9

Article 24. Signatures 9

Article 1. TERM OF MEMORANDUM OF UNDERSTANDING

Except where expressly stated otherwise herein, the City and Redlands Association of Department Directors agree that the provisions of this Memorandum of Understanding (MOU) shall become effective on July 1, 2013 and shall expire on June 30, 2015.

Article 2. PREAMBLE

It is the intent and purpose of this MOU to set forth the understanding of the parties reached as a result of meeting and conferring in good faith regarding, but not limited to, matters relating to the wages, hours, and terms and conditions of employment between the City of Redlands (hereinafter referred to as "City") and the Redlands Association of Department Directors (hereinafter referred to as "Unit").

Article 3. RECOGNITION

A unit employee shall be defined as an employee of the City and assigned to the RADD unit by the City Manager in accordance with City policies and procedures. The Unit consists of:

DEPARTMENT DIRECTOR CLASSIFICATION TITLES
Assistant City Manager
Development Services Director
Chief Information Officer
Director of Municipal Utilities and Public Works Engineering/City Engineer
Finance Director
Fire Chief
Human Resources Director
Police Chief
Quality of Life Director

Article 4. TERMS AND CONDITIONS OF EMPLOYMENT

- A. Employees in Department Director positions serve at the will and pleasure of the City Manager. The appointment of a person to a Department Director position will be made by the City Manager.
- B. The various forms of compensation and benefits described in this MOU are the result of the City’s recognition that Department Directors should be compensated appropriately for exhibiting accountability, cost effectiveness, the ability to apply new technologies and maximize the utilization of human, physical and fiscal resources to enhance the mission of the City; and for stimulating the development of people and establishing methods which facilitate the meeting of City goals and objectives.

Article 5. SALARIES AND ADDITIONAL COMPENSATION ADJUSTMENTS

- A. There shall be a 3% base salary increase effective the first payroll period commencing on or after City Council adoption of both this 2013-2015 MOU and necessary CalPERS resolutions allowing for modifications by the City to the amount of employer payment of normal member CalPERS contributions as set forth in Article 6 below, and actual implementation of said modified employer funding of normal member contributions.
- B. In addition to and concurrent with provision of the 3% base salary increase described in Article 5(A) above, the incumbent Director of Municipal Utilities and Public Works Engineering/City Engineer, Mr. Mousavipour, shall be provided an unadjusted base salary increase of five thousand dollars

(\$5,000.00.) The above 3% base salary increase shall be calculated upon the base salary as first adjusted by the \$5,000.00 increase.

- C. All Unit employees are responsible for the employee contribution to Social Security and Medicare.
- D. The Salary Range Table (Appendix A) is established to provide the minimum and maximum salary levels for each Department Director position.
- E. The City recognizes that to recruit and retain well-qualified Department Directors and enhance their management capabilities in areas such as leadership and accountability, Department Directors should be compensated appropriately for exhibiting accountability, cost effectiveness, the ability to apply new technologies and maximize the utilization of human, physical and fiscal resources; for exerting leadership to enhance the mission of the City; and for stimulating the development of people and methods which will facilitate the meeting of City goals and objectives.
- F. To facilitate and enhance effectiveness and productive efforts of Department Directors, salary and benefit levels will be reviewed on a periodic basis and may be adjusted from time to time, within the budget appropriation levels established by the City Council for compensation for Department Directors. This review will consist of the following two components.
 - 1. Performance Evaluations:
Progression in the salary range for Department Directors shall be based on the Director's performance. The City Manager shall be responsible for evaluating the Director's performance.
 - 2. Compensation (Salary and Fringe Benefits) Survey:
The compensation philosophy for the City of Redlands is to establish a compensation package that will attract the highest caliber individuals. Therefore, the second component will contain comparisons with other similar agencies within the appropriate job market. These factors will be utilized to consider salary and benefit levels that will facilitate continuation of this philosophy.
- G. Eligibility for one-time per year performance-based distributions. At the commencement of each fiscal year which commences on or after City Council adoption of the 2013-2015 MOU, the City shall make available for the purpose described herein, the cash equivalent of the value of a 2% base salary increase for all filled positions within the unit. Prior to the conclusion of the applicable fiscal year, the City Manager shall in his sole discretion have the authority to utilize any or all of the allocated funds to provide a one-time cash distribution to any one or more unit members. Subject to the limitation that the cumulative value of the City Manager-distributed one-time payments shall not exceed the total value of allocated funds for that fiscal year, there is no minimum or maximum amount that the City Manager may award to any individual unit member. Additionally, the City Manager also has discretion to issue no one-time awards.

In exercising his discretion in this regard, it is only that individual(s) in the unit that has exhibited what the City Manager in his sole discretion determines to be "exceptional" performance during the applicable fiscal year, that shall be eligible for receipt of a one-time distribution. The distribution shall not impact the unit member's salary range or step.

Available one-time payment funds not distributed in the designated fiscal year, shall not accumulate and carry over into any future fiscal year and instead, shall be returned to the City for other Council-determined uses.

Article 6. RETIREMENT

A.

1. Effective the first payroll period commencing on or after City Council adoption of the 2013-2015 MOU and adoption by the Council and implementation of necessary CalPERS resolution(s) addressing the amount of employer funding of “classic” normal member employee CalPERS contributions, all “classic” unit members shall individually fund 3.0% of compensation earnable as and for the unit member’s normal employee PERS contribution. (The term “classic” member is defined in the Public Employee’s Pension Reform Act of 2013-“PEPRA.”)
2. Effective the first payroll period commencing on or after July 1, 2014, all “classic” unit members shall fund 5% of compensation earnable as and for the individual member’s normal employee PERS contribution.
3. Effective the first payroll commencing on or after January 1, 2015, all “classic” unit members shall personally fund 100% of the 7% of compensation earnable as and for the individual member’s normal employee PERS contribution for “miscellaneous” Unit members and 100% of the 9% compensation earnable as and for the individual member’s normal employee PERS contribution for “safety” unit members).

All “classic” member normal contributions required to be paid by the member, whether paid by the employer or the member, shall be credited to the member’s CalPERS account.

The City shall adopt the necessary resolution(s) so that individual member contributions made by the employee may be excluded from taxable income pursuant to Section 414(h)(2) of the United States Internal Revenue Code.

Whether as authorized by Government Code § 20692, 20636(c)(4) or any other statutory or legal basis, the City shall not report to CalPERS as any type of compensation, any portion of the normal employee PERS contributions required by PERS which are funded by the employee.

To the extent that this 2013-2015 MOU mandates payment by the City of a part of the above “classic” unit member’s normal employee PERS contribution, the City shall make said payments on a pre-tax basis to the extent authorized to do so by the IRS and the Franchise Tax Board.

B. AB 340

1. AB 340, the Public Employee’s Pension Reform Act of 2013 – “PEPRA” (signed by the Governor on 09/07/12,) shall in its entirety be given full force and effect as it may from time to time exist, during and after the term of the 2013-15 MOU, as described below. Any provision in the 2013-15 MOU which contradicts any provision of AB 340 shall be deemed null and void, with the contrary AB 340 provision(s) being given full force and effect. Therefore, no provision of AB 340 shall be deemed to impair any provision of the 2013-15 MOU or any MOU, Agreement, Rule or Regulation predating the 2013-15 MOU.
2. Unit employees who are “new members” as defined in the above AB 340, shall individually pay an initial Member CALPERS contribution rate of 50% of the normal cost rate (as defined and calculated by CalPERS) for the Defined Benefit Plan in which said newly hired member is enrolled, rounded to the nearest quarter of 1%, or the current contribution rate of similarly situated employees, whichever is greater. (AB 340 – Government Code section 7522.30)

3. Unit employees who are “new members,” as defined in the above AB 340, on and after January 1, 2013, shall be enrolled in either the AB 340 retirement plan of 2%@62 (Government Code section 7522.20(a), for “miscellaneous” new members, or the 2.7% at 57 retirement plan for “safety” new members (Section 7522.25), with final pensionable compensation (as defined for new members in Government Code § 7522.34) being determined by reference to the highest average annual pensionable compensation earned during a period of 36 consecutive months. (Government Code § 7522.32(a).)

C. Consistent with the proposal provisions above, that “classic” employees individually fund part, and eventually 100% of the statutorily mandated employee PERS contributions, said member-funded payments shall not be made pursuant to Government Code section 20692 and shall not be reported to PERS as special compensation as was authorized by Government Code section 20636(c)(4).

D. As regards “classic” members, the City shall continue to include in its contract with CalPERS, the following provisions.

HIGHEST SINGLE YEAR
SURVIVOR CONTINUANCE
2% @ 55 RETIREMENT FORMULA (“MISCELLANEOUS”)
3% at 50 RETIREMENT FORMULA (“SAFETY”)

Article 7. TUITION REIMBURSEMENT

- A. The City will reimburse Department Directors for actual costs of fees, tuition and books, for attendance at an accredited institution of higher learning, at the rate up to the cost at University of California, Riverside (UCR) for the same or similar course.
- B. Department Directors must submit a request form with documents describing the course and program and cost to the Human Resources Director for approval prior to beginning class.
- C. To be eligible for reimbursement, Department Directors must submit evidence of actual payment of expenses incurred and satisfactory completion of course work with a grade of “C” or better or equivalent.

Article 8. EDUCATIONAL INCENTIVE

Educational Incentives for the Fire Chief and Police Chief positions shall apply to the persons serving in such positions as of the calendar year 2008. Upon the separation of service from the City by either the person serving as Fire Chief or Police Chief, the respective educational incentive for such positions shall be eliminated.

Article 9. AUTO ALLOWANCE

A. The City shall provide vehicles and/or allowances as follows:

Development Services Director	\$100 per month
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Finance Director	\$100 per month
Director of Municipal Utilities and Public Works Engineering/City Engineer	Vehicle
Police Chief	Vehicle
Fire Chief	Vehicle
Quality of Life Director	\$150.00 per month (effective the first payroll period commencing on or after City Council adoption of the 2013-2015 MOU)

- B. Department Directors receiving an Auto Allowance or assigned a City vehicle must provide the following:
 1. Proof of valid insurance with acceptable levels as set by the City.
 2. Proof of valid, class C California driver license.
- C. Department Directors must participate in the City DMV Pull Notice Program.
- D. If assigned, a City-owned vehicle may be used by a Department Director for City business and for commuting to and from the Director’s residence. The City will incur all costs related to the provision of the vehicle, including maintenance and insurance. The Department Director shall be responsible for ensuring the City’s vehicle is appropriately secured when parked at the Director’s residence.

Article 10. UNIFORM ALLOWANCE

The Police Chief and Fire Chief who wear their uniforms for public ceremonies or for operational necessity are entitled to a stipend equal to that received by the respective safety management employees.

Article 11. INSURANCE

A. MEDICAL INSURANCE

The City shall pay the entire premium for each Director and all eligible dependents under the PERS health insurance program.

B. ALTERNATIVE COVERAGE

The City shall provide a stipend of \$350, on a monthly basis, for those employees with alternative medical coverage who opt for the stipend in lieu of the medical insurance benefit.

C. INSURANCE ADJUSTMENT

In July of each year, the City shall pay each Director a cash payment in the amount of one hundred and fifty dollars (\$150) to offset the co-payments and deductibles for medical insurance plans.

D. DENTAL INSURANCE

The City shall pay the full monthly premium for dental insurance under the Principal Financial dental plan or its equivalent for each Director and all eligible dependents.

E. VISION REIMBURSEMENT

The City shall reimburse each Director two hundred twenty five dollars (\$225.00) per year for the purchase of prescription frames and lenses and/or contact lenses for the employee and/or his/her eligible dependents.

F. DISABILITY

The Employee shall pay the premium for the City's Disability Insurance Program.

G. LIFE AND ACCIDENTAL DEATH & DISMEMBERMENT INSURANCE

Department Directors shall be covered by the City's group term life insurance and accidental death and dismemberment (AD&D) insurance plan. The City will pay the premiums for life insurance coverage amounts of \$25,000 for basic life and \$25,000 for accidental death and dismemberment policies.

Article 12. LIFETIME MEDICAL

Department Directors who achieve 15 years of service with the City of Redlands shall be entitled to Lifetime Medical coverage for themselves and their dependents upon separation of service from the City. "Lifetime Medical" means equivalent health insurance as provided by the City to its then existing Directors through the CalPERS medical plan. Department Directors hired after January 1, 2009, shall not be entitled to this benefit.

Article 13. HOLIDAYS

A. The following paid holidays will be observed on the day specified.

New Year's Day	January 1 st
Martin Luther King's Birthday	3 rd Monday in January
Presidents' Day	3 rd Monday in February
Memorial Day	Last Monday in May
Independence Day	July 4 th
Labor Day	1 st Monday in September
Columbus Day	2 nd Monday in October
Veteran's Day	November 11 th
Thanksgiving Day	4 th Thursday in November
Day After Thanksgiving Day	Day After 4 th Thursday in November
Christmas Eve	December 24 th
Christmas Day	December 25 th

- B. Any holiday listed in this Section which falls on Sunday will be observed on the following Monday.
- C. Any holiday listed in this Section which falls on Saturday will be observed on Friday.
- D. Christmas Eve Day shall be observed as a holiday if Christmas Day falls on a Tuesday, Wednesday, Thursday or Friday.
- E. Effective the first payroll period commencing on or after the City Council adoption of the 2013-2015 MOU, in any instance where a Director is required during a designated holiday to render services during any or all of what would have been regularly scheduled hours, the paid holiday shall be banked and the Director shall have the option of utilizing the holiday during the thirty (30) calendar day period immediately following the holiday. Failure to timely take the banked holiday off, shall result in loss of the holiday, with no cash or other compensation for the holiday.

Article 14. ANNUAL LEAVE

- A. Effective January 1, 2009, Department Directors shall combine existing Sick Leave and vacation balances as well as Floating Holidays and Executive Leave to Annual Leave.
- B. The purpose of Annual Leave is to provide Department Directors the ability to accrue time for Vacation, Sick Leave and personal leave situations.
- C. Effective the first payroll period commencing on or after City Council adoption of the 2013-2015 MOU, individual Department Directors shall accrue Annual Leave hours at a rate of 392 hours per year (15.07 hours per payroll period), regardless of years of service, whether at the City of Redlands or elsewhere.
- D. Effective January 1, 2009, the maximum Annual Leave balance shall be 900 hours. Department Directors shall not accrue Annual Leave above 900 hours
- E. As a matter of City policy, Department Directors are encouraged to use annual leave.
- F. Department Directors may convert up to 300 hours of accrued Annual Leave per calendar year to salary compensation or apply to a deferred compensation account. This conversion can be made with a two week notice to payroll.

Article 15. ACCRUAL PAYMENT ON RETIREMENT

Upon service or medical retirement under the PERS retirement plan, or in the event of the death of an Department Director prior to retirement, PERS members with less than fifteen (15) years service with the City may elect one of the following options for payment of unused annual leave:

- A. Convert all remaining annual leave accrued at the time of retirement to cash value at the final rate of pay and apply said cash value to applicable premiums payable under the City’s medical insurance program for the employee and eligible dependents until the cash value is exhausted. In the event that the member dies prior to exhaustion of the cash value of said benefits, the remaining cash value may be applied towards the premiums of covered dependents until exhausted, subject to the conditions and limitations of the applicable insurance policy.
- B. At the time of service retirement, disability retirement, or at the death of an active member, one hundred percent (100%) of accrued annual leave may be converted to cash or applicable deferred compensation plan at the prevailing hourly rate.

Article 16. EMPLOYEE SEVERANCE COMPENSATION

In recognition that Department Directors serve at the will and pleasure of the City Manager, the City Manager may offer severance pay to any Department Director who is terminated involuntarily or pursuant to a negotiated separation of service in an amount up to three months salary. The amount of

such severance pay shall be determined by the City Manager and may be included in the terms of a contractual agreement between the Department Director and the City made at the time the Department Director is hired or promoted.

Article 17. FAMILY MEDICAL CARE LEAVES

- A. Family Leave shall be granted in accordance with the California Rights Act of 1991 and the Family and Medical Leave Act of 1993, and any amendments thereto and implementing regulations for those respective statutes. The City’s Human Resources Department shall be responsible for administration of all leave taken pursuant to this section.
- B. Employees may utilize up to twelve weeks of Annual Leave for leaves of absence that fall under the provisions of the FMLA and CFRA. This Annual Leave is in addition to any other paid or unpaid leave, which may be granted under the provisions of FMLA and CFRA. Annual Leave shall be used prior to the unpaid leave provisions of FMLA and CFRA.

Article 18. DEFERRED COMPENSATION

Department Directors are eligible to participate in City Deferred Compensation Plans 457 (B) and 401 (A) as provided for in State and Federal Tax Codes. The City will contribute \$1,125 per year plus 2% of salary to a 401 (A) plan for Department Directors. Employees may individually contribute additional deferred compensation to the 457 (B) Plan in accordance with Plan provisions.

Article 19. FLEXIBLE SAVINGS PLAN

The City will offer Flexible Spending Accounts (FSA) to all Department Directors. An FSA allows an employee to make pre-tax deductions for qualifying medical, dental and vision expenses, and dependent care expenses. The plan is established and administered in accordance with Section 125 of the Internal Revenue Service code.

Article 20. EMPLOYEE ASSISTANCE PROGRAM

The City offers Department Directors an employee assistance program. Confidentiality regarding a Director’s use of this program will be maintained in full compliance with State and Federal Regulations.

Article 21. BEREAVEMENT LEAVE

Department Directors receive two working days of paid Bereavement Leave for the death of a member of the employee’s immediate family (defined as spouse, state-registered domestic partners, children, parents, brother, sister, grandfather, grandmother, mother-in-law, father-in-law, step-father, step-mother, and step-children). Department Directors may be allowed to use accrued Sick Leave as Bereavement Leave with full pay not to exceed three days.

Article 22. MANAGEMENT RIGHTS

Management rights shall consist of the exclusive right to determine the mission of its constituent departments, commissions, boards; set standards of service; determine the procedures and standards of selection for employment and promotion; direct its employees; take disciplinary action; relieve its employees from duty because of lack of work or for other legitimate reasons; maintain the efficient of work; maintain the efficient of governmental operations; determine the methods, means and personnel

by which government operations are to be conducted; determine the content of job classifications; take all necessary actions to carry out its mission in emergencies; exercise complete control and discretion over its organization and the technology of performing its work.

Article 23. SAVINGS CLAUSE

If any provision of this MOU, or the application of any provision, should be rendered invalid by court or legislative action, the remaining portions of this Agreement shall remain in full force and effect.

Article 24. SIGNATURES

CITY OF REDLANDS	REDLANDS ASSOCIATION OF DEPARTMENT DIRECTORS - RADD	
PETE AGUILAR, MAYOR	_____, PRESIDENT	DATE
	_____, VICE PRESIDENT	DATE
ADOPTED, SIGNED AND APPROVED THIS _____ DAY OF APRIL _____, 2014		

ATTEST:

Sam Irwin, City Clerk