

MEMORANDUM OF UNDERSTANDING

Pursuant to the Myers-Milias Brown Act (MMBA), Chapter 10 (Section 3504 et. seq.) of the Government Code, the California Law governing collective bargaining, and the Employer-Employee Relations Ordinance (EERO) of the City of Palm Desert, the matters within the scope of representation that are set forth in this Memorandum of Understanding (MOU) have been discussed by the representatives of the Palm Desert Employees Organization (PDEO) and representatives of the City of Palm Desert (City).

The matters within the scope of representation that are set forth in this MOU have been discussed in good faith and agreed to by the City and the PDEO as constituting an equitable adjustment to present wages, hours and other terms and conditions of employment as evidenced by the signatures of the duly authorized representatives of the City and the PDEO.

This MOU shall not be binding upon the parties, in whole or in part, unless and until said City Council formally approves this MOU.

The City's Personnel Ordinance and Standard Operating Procedures shall govern during the term of this Memorandum of Understanding, unless otherwise indicated herein.

ARTICLE 1 – TERMS OF AGREEMENT

This Memorandum of Understanding (MOU) shall be binding on the City and the PDEO when approved by the PDEO general membership and the City Council.

Except as otherwise provided herein, this MOU shall be in full force and effect for a term of five (5) years, from July 1, 2017, through June 30, 2022.

Any employment policies, practices and/or benefits that were in effect as of the date of signing of this MOU shall be deemed incorporated into this MOU, unless otherwise stated herein.

The parties agree that the disciplinary and grievance procedures set forth in the City's Personnel Ordinance shall govern during the term of this Memorandum of Understanding.

In the event of a conflict between the MOU and an existing policy and/or practice, this MOU provision shall govern.

The City and the PDEO agree that this MOU contains all of the covenants, stipulations, and agreements of the parties.

The City shall meet and confer in good faith with the PDEO on all matters related to the salaries, benefits and other terms and conditions of employment, in accordance with the Myers-Milias-Brown Act.

ARTICLE 2 – AMENDMENTS AND MODIFICATIONS

2.1 Modification

The City and the PDEO agree, understand and reserve the right, to meet and confer in good faith, at any time, with respect to any subject or matter covered in this MOU in order to amend or make modifications to this MOU. Any changes to this MOU must be approved by the PDEO general membership and City Council.

2.2 Severance Clause

In the event that a court finds any provision(s) of this MOU to be invalid, unenforceable, or contrary to law, such provision shall be severed from this MOU and will not be applicable, performed, or enforced, except to the extent permitted by law. The parties agree that all the other provisions of this MOU shall remain in effect.

The parties further agree to meet and confer in good faith for purposes of negotiating an alternative to any severed provision.

ARTICLE 3 - REPRESENTATION

In accordance with the MMBA and the EERO, the City of Palm Desert recognizes the PDEO as the exclusive representative of all general and non-management employees as listed in Appendix A of this agreement.

The PDEO recognizes the City Manager as the exclusive representative for the City for purposes of entering into this MOU.

ARTICLE 4 - COMPENSATION

4.1 Wages

The Grade, Step and Wage Rates Schedule for employees covered by this Agreement is set forth in the Allocated Positions and Salary Resolution adopted by the City Council annually during the budget process and incorporated in this MOU by reference.

4.2 Cost of Living Adjustment (COLA)

A Cost of Living Adjustment (COLA) is an adjustment to all salaries on the salary schedule adopted by the City Council, to reflect changes in the regional cost of living as determined by the Bureau of Labor Statistics.

The parties agree to meet and confer regarding potential COLA's in each year during the term of this agreement for which there is a greater than 2% change in the Consumer Price Index (CPI), (as published by the U.S. Department of Labor, Bureau of Labor Statistics, for the Los Angeles-Anaheim-Riverside area, for all urban consumers) from the March index of the prior year to the March index of the current year, or in any year that the cumulative change from July 2017 to March of the current year is greater than 4.5%. These negotiations shall begin in April of affected years.

4.3 Concession Recognition Stipend – One Time Lump Sum Payment

Each employee (excluding Executive Management: Group A & Group X) shall receive a one-time payment, "off salary schedule," Concession Recognition Payment equal to 1% of base salary, earned the preceding year, to be awarded to all members hired prior to July 1, 2017, ("Lump Sum Recipients"). Each Lump Sum Recipient shall receive the Concession Recognition Stipend payment of 1% of base salary paid for pay periods July 1, 2016 to June 30, 2017, inclusive, in recognition of their efforts and concessions during the term of the previous MOU. The Concession Recognition Payment is a one-time payment and will be paid out prior to June 30, 2017.

The Concession Recognition Payment is compensation earned that is in addition to and separate from base pay, for purposes of pensionability "off salary schedule," and will not be considered earned wages for purposes of PERS contributions. This payment will be made as a separate disbursement and subject to tax withholding in accordance with IRS regulations.

4.4 Night Differential Pay

Employees who are assigned to perform their duties between the hours of 6:00 p.m. and 6:00 a.m. for a special project (and for whom the majority of hours fall after 6:00 p.m.) are eligible for night differential pay at the rate of \$2.50 per hour. This does not apply to employees assigned to standby duty and receiving standby pay.

Night differential pay will be subject to the following regulations:

- Night Differential schedules must be pre-approved by the Department Head;
- Night Differential amount paid will be \$2.50 per hour;

- Employees on “stand-by” and receiving stand-by pay who are called back to work are not eligible for Night Differential, because they have already been compensated through the ‘stand-by’ and ‘call-back’ provisions;
- In order to qualify, the majority (greater than 50%) of the work must be performed between the hours of 6:00 p.m. and 6:00 a.m.

4.5 Working on Holidays

Non-exempt employees may be paid at the overtime rate when required to work on a scheduled holiday. In order to receive the overtime rate for holiday work, the following conditions must be met:

- The employee must work at least 40 hours in the same workweek the holiday falls in, (Holiday hours count towards hours worked when computing the total for the workweek);
- The employee cannot have been scheduled an alternate day off in the same workweek;
- If the employee takes sick or vacation time during the same workweek, such time shall not be counted as hours worked for the computation of overtime.

ARTICLE 5 – BENEFITS

The City’s Personnel Ordinance shall govern eligibility for benefits. Benefits in place on July 1, 2017, shall continue during the term of this agreement unless the PDEO and City meet and confer, and reach agreement, on proposed changes.

5.1 Employee Flexible Benefits – “Cafeteria Plan”

The City shall provide its employees with health, vision and dental plan benefits through an IRS Section 125 Flexible Benefits Plan. This plan is referred to as the “Cafeteria Plan” because it offers a “menu” of benefits choices. The plan provides premium coverage for health, dental and vision insurance plans. In addition, the City will provide a flat \$50.00 monthly flex plan credit to the cafeteria plan which can be used toward the purchase of benefits, placed in a Flexible Spending Account or received as taxable cash via payroll. Employees who choose the lowest cost health plan available are eligible for additional flex plan credits, with the amount based on family size as follows:

Single:	\$50 monthly
Two-Party:	\$75 monthly
Family:	\$100 monthly

Those employees who ‘opt out’ of the City provided health plans shall receive a flat \$150.00 monthly additional credit to the flex plan in lieu of coverage.

(a) Health Insurance Benefits

The Flexible Benefits Plan will provide premium coverage (with no employee contribution) for employees and their dependents who choose a plan other than the most expensive PPO (PersCare at the time of adoption of this MOU) Employees who choose the PersCare PPO will be responsible for paying the difference in premium between PersCare & PersChoice through a pre-tax payroll deduction.

Example (2017 family rate):

Plan Name	Premium	City Paid	Employee Pays
Blue Shield HMO	\$ 2,023.97	\$2,023.97	\$0.00
PersChoice PPO	\$ 1,857.52	\$1,857.52	\$0.00
PersCare PPO	\$ 2,085.82	\$ 1,857.52	\$ 228.30

Eligible dependents for Health Care Coverage are defined by CalPERS and include spouse, domestic partner, and children (including foster, step and economically dependent) up to age 26.

(b) Dental Benefits

The City shall provide its employees and eligible dependents with Dental Benefits. Eligible dependents for Dental coverage are spouse, domestic partner and children (including foster, step and economically dependent) up to age 26.

The basic Dental benefit shall provide a maximum dollar limit of \$2,000 per year along with additional orthodontia and implant coverage (\$1,000 lifetime benefit at a 50% co-pay).

(c) Vision Benefits

The City shall provide its employees and eligible dependents with Vision benefits. The plan will provide basic exams and single vision lenses annually. It will also provide frames, up to \$120.00, every 24 months. The benefit will include an option for contact lenses. Eligible dependents for Vision coverage are spouse, domestic partner and children (including foster, step and economically dependent) up to age 26.

5.2 Retiree Health Stipend Program

The City offers a Retiree Health Stipend Program to assist long-term employees, hired on or before December 31, 2014, in offsetting the cost of health insurance in retirement. The program's provisions are dependent on hire date and are set forth in a Resolution adopted by City Council and included here as Appendix B.

(a) Funding for the Retiree Health Stipend Program

The City maintains an independent trust fund for the purpose of providing retiree health stipend payments. An actuarial report is used to determine the funded status of the plan, which is reported in accordance with Governmental Accounting Standards Board (GASB) Statement 45. Future contributions to the fund will be subject to actuarial reporting and Council approval during the yearly budget process.

5.3 Retiree Health Savings Plan (RHSP) and 401a Plan for Post-Retirement Health Benefits

Employees hired on or after January 1, 2015 are automatically enrolled in the City's Retiree Health Savings Plan and subject to a mandatory contribution of 1% of base salary. The City will contribute a matching 1% of base salary to the plan. City contributions are subject to a five-year vesting schedule. The plan is subject to IRS regulations and contributions are non-elective. Employees may direct the investments of their individual accounts. The intended purpose of the plan is to provide employees with a tax advantaged savings vehicle for post-retirement health benefit premiums.

Employees hired after January 1, 2015 are also eligible to participate in a 401A plan for tax deferred savings. Employees may contribute up to 10% of salary and the City will make a matching contribution of up to 2% of salary. This plan is subject to IRS regulations. Elections must be made within 30 days of hire and are non-revocable.

Detailed plan documents are available on the City's Intranet and through the Human Resources Department.

5.4 Short Term Disability Insurance

The City agrees to offer a voluntary program of Short Term Disability Insurance which interested employees may purchase through payroll deduction. This plan is not intended to take the place of accrued sick leave. It is provided as a “safety net” for those employees who choose to purchase it.

5.5 California Public Employees Retirement System (CalPERS) Contract

Employees hired BEFORE September 1, 2011:

Regular employees hired prior to September 1, 2011 will be enrolled in CalPERS under the retirement formula of 2.7% at age 55.

Employees shall pay 8% of salary, employee portion, to CalPERS.

Along with the 2.7% @ 55 formula the following benefits are included in the CalPERS contract for employees hired prior to September 1, 2011:

- (a) Post-Retirement Survivor Allowance (PRSA) 50%. Upon the death of a retiree, the PRSA, 50% of the unmodified allowance, will continue to an eligible survivor. – Section 21624/21626
- (b) Increased Level of 1959 Survivor Benefits (level 2) (Benefit payable to eligible survivors if the member’s death occurs during employment.) – Section 21572
- (c) Credit of Unused Sick Leave. Any unused sick leave days will be converted to service credit at the rate of 0.004 years of service for each day of sick leave, provided there is less than 120 days between the member’s separation date and retirement date. – Section 20965
- (d) Industrial Disability Retirement. A miscellaneous member may qualify for an Industrial Disability Retirement (IDR) if they are unable to perform the duties of their job because of a job-related injury or illness. – Section 21151
- (e) Improved Non-Industrial Disability Allowance. If a member retires on a non-industrial disability, the allowance would be equal to 30% of final compensation for five (5) years of service credit and 1% for each additional year of service credit to a maximum of 50% of final compensation. – Section 21427
- (f) One-year Final Compensation (Final compensation calculated using the last (or highest) twelve (12) consecutive monthly pay rates.) – Section 20042

- (g) COLA 2% - Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis of 2% maximum. However, the adjustment may not be greater than the change in the Consumer Price Index. – Section 21329
- (h) Retired Death Benefit \$500 – Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate. – Section 21620

Employees hired between September 1, 2011 and December 31, 2012 and Classic Members:

Regular, full-time employees hired between September 1, 2011 and December 31, 2012 and regular part-time employees who worked more than 1,000 hours , as well as Classic Members as referenced below, will be enrolled in CalPERS under the retirement formula of 2% at age 55.

Employees in this tier pay 7% of salary to CalPERS.

Along with the 2% @ 55 formula, the following benefits are included in the CalPERS contract for these employees:

- (a) Post-Retirement Survivor Allowance (PRSA) 50%. Upon the death of a retiree, the PRSA, 50% of the unmodified allowance, will continue to an eligible survivor. – Section 21624/21626
- (b) Increased Level of 1959 Survivor Benefits (level 2) (Benefit payable to eligible survivors if the member's death occurs during employment.) – Section 21572
- (c) Credit of Unused Sick Leave. Any unused sick leave days will be converted to service credit at the rate of 0.004 years of service for each day of sick leave provided there is less than 120 days between the member's separation date and retirement date. – Section 20965
- (d) Industrial Disability Retirement. A miscellaneous member may qualify for an Industrial Disability Retirement (IDR) if they are unable to perform the duties of their job because of a job-related injury or illness. – Section 21151

- (e) Improved Non-Industrial Disability Allowance. If a member retires on a non-industrial disability, the allowance would be equal to 30% of final compensation for five (5) years of service credit and 1% for each additional year of service credit to a maximum of 50% of final compensation. – Section 21427
- (f) COLA 2% - Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis of 2% maximum. However, the adjustment may not be greater than the change in the Consumer Price Index. – Section 21329
- (g) Retired Death Benefit \$500 – Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate. – Section 21620

Employees hired AFTER January 1, 2013:

Employees hired on or after January 1, 2013, are subject to the Public Employees Pension Reform Act (PEPRA) and receive benefits as classic or new members based on the terms of PEPRA as defined by CalPERS. .

Those designated as "New" members (no prior CalPERS service or greater than a six-month break in service) are enrolled in the retirement formula 2% @ 62 and subject to the terms outlined in PEPRA.

Members defined by CalPERS as "Classic" (those with qualifying CalPERS service within the prior six months) are enrolled in the retirement formula 2% @ 55 as noted above.

5.6 Sick Leave Accrual and Maximums

All employees hired on or after July 1, 2017, shall be subject to a maximum sick leave accrual of 500 hours. Such employees who reach the maximum shall cease to accrue sick leave until such time as their balance falls below 500 hours, at which time they will begin accruing at the normal accrual rate until they reach the maximum.

Employees hired on or BEFORE June 30, 2017:

Beginning July 1, 2022, employees hired on or before June 30, 2017, shall be subject to a maximum sick leave accrual of 500 hours with the following provisions:

- a. Hours in excess of 500 will not be forfeited. They will remain in the employee's account and may be used for paid sick leave or converted to pension service credit at retirement (subject to the rules of both programs.)
- b. Hours in excess of 500 will NOT be eligible for "cash-out" on or after July 1, 2022. The balance up to 500 hours may be cashed out according the schedule contained in Palm Desert Municipal Code (PDMC) Section 2.52.710.
- c. Employees having more than 500 hours will cease to accrue sick leave until such time as their balance falls below 500 hours, at which time they will accrue the regular accrual rate per pay period until they reach the maximum.

Both parties agree to meet and confer regarding the terms and implementation, of a policy allowing all employees having reached the 500 hour maximum to "cash-out" up to 40 hours, once per calendar year, in accordance with the schedule in PDMC Section 2.52.710, which will begin on or after July 1, 2022.

5.7 Vacation Leave Accrual and Maximums

All employees hired on or after July 1, 2017, shall be subject to the following vacation accrual schedule:

- All employees - two-weeks + 1 day per year of service, up to a maximum of 10 additional days per year (total of 20 days per year);
- Group B (mid-mgmt) – additional one week for up to a maximum of 25 days per year;
- Group A (mgmt) – additional two weeks for up to a maximum of 30 days per year.
- Group X – per contract.

All employees hired on or after July 1, 2017 shall be subject to a maximum accrual balance equal to two times their annual accrual rate. At no time may their balance exceed that amount. If the maximum is reached the employee will cease to accrue vacation leave until such time as their balance drops below the maximum (this can occur at any time during the year.)

6. Cellular Phone Stipend

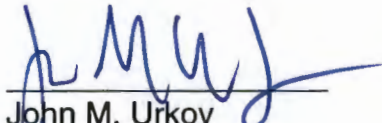
Designated employees may receive a stipend for business use of their personal cellular phone. Employees are designated by their Department Director and must be approved by the City Manager prior to the granting of the Cell Phone Stipend. The terms and conditions of the stipend program are adopted by City Council Resolution and employees must sign an acknowledgement prior to receiving the stipend. The stipend is paid through payroll, is considered taxable income and is subject to withholding.

7. Alternative Work Schedules

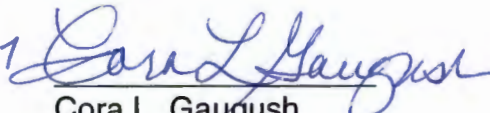
The City is in support of adopting an Alternative Work Schedule (specifically a 9/80) and agrees to develop a policy for implementation. The policy will be developed with input from the 9/80 Schedule Task Force which consists of members of management, professional staff and PDEO members and contains representatives from each department. The final policy must comply with the Fair Labor Standards Act (FLSA) and be approved by the City Council.


PDEO Board:

City:

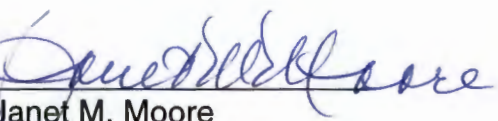
6/14/17 
Date John M. Urkov
PDEO Board Member


20 June 2017 
Date Lauri Aylaian
City Manager

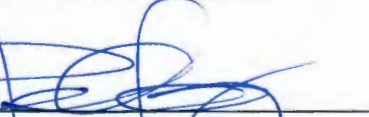
6/19/17 
Date Cora L. Gaugush
PDEO Board Member

6/19/17 
Date Lori A. Carney
Director Admin. Services


6/14/17 
Date Jodi L. Orton
PDEO Board Member

6/20/17 
Date Janet M. Moore
Director of Finance

6/14/17 
Date Rae L. Munoz
PDEO Board Member

6/19/17 
Date Robert W. Hargreaves
City Attorney

ATTEST:

6/20/17 
Date Rachelle D. Klassen
City Clerk
City of Palm Desert

