

Los Angeles Department of Water & Power

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MARCIE L. EDWARDS
General Manager

September 30, 2014

The Honorable City Council
Office of the City Clerk
200 North Spring Street, Room 395
Los Angeles, California 90012

Honorable Members:

Subject: Approval of Memorandum of Understanding for the Los Angeles
Department of Water and Power Management Employees Unit,
represented by the Management Employees Association

In accordance with bargaining instructions authorized by the Executive Employee Relations Committee (EERC), the attached Memorandum of Understanding (MOU), approved as to form and legality by the City Attorney, codifies the agreements reached by the Los Angeles Department of Water and Power (LADWP) and Management Employees Association (MEA) for the term of October 1, 2012, through December 31, 2016, for the Management Employees Unit. At its meeting on September 16, 2014, the Board of Water and Power Commissioners (Board) approved the MOU, as to items within the Board's authority.

Discussion

The following is a summary of the terms and conditions of the accompanying MOU.

Summary

1. Four-year term from October 1, 2012, through December 31, 2016.
2. New MOU provision to establish annual performance appraisals of all managers covered under this MOU.
3. Acceptance of the Tier II Retirement Plan Benefits consistent with the Plan as approved by the Board effective January 1, 2014, which raises the eligibility age to retire and limits the medical and dental subsidies to single party coverage.

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4. Requirement for submission of medical certification for absences due to illness or injury of three (3) or more consecutive workdays to curb any abuses of the sick leave/disability provision.
5. Cost-of-Living-Adjustment (COLA) of two percent (2%) retroactive to October 1, 2012.
6. Employee contribution of five percent (5%) up to seventy-five dollars (\$75) in 2014, ninety dollars (\$90) in 2015 and one hundred dollars (\$100) in 2016 to the health insurance plan, per employee, per month, to share the burden of rapidly escalating health care costs.
7. A lump sum supplemental payment (non-pensionable) of one percent (1%) of the employee's annual base wage salary rate, paid to the employee by LADWP, to offset health related expenses not covered by LADWP-sponsored health care insurance plans upon implementation of the MOU, and in July 2015 and July 2016.
8. Effective October 1, 2016, a COLA of two percent (2%).
9. A new Stand-By MOU Provision that provides two hours of regular based hourly pay per day for a standby assignment on a week day and three (3) hours of regular based hourly pay per day for a standby assignment on a Saturday, Sunday, observed holiday, or the employee's Assigned Scheduled Day Off.
10. Salary Adjustments for 19 identified classifications to address compaction issues resulting in less than the required five and one half percent (5.5%) supervisory differential over subordinate classes as codified in the Los Angeles Administrative Code. These adjustments will end the current application of manual payroll processes currently employed to effect the differential.
11. Salary Adjustment for Chief Investment Officer retroactive to October 2, 2012, in response to the previously approved salary adjustments of other similarly situated City Classifications approved by the Los Angeles City Council.
12. Salary Adjustment for Assistant Retirement Plan Manager effective June 1, 2014, to allow for continued parity with the parallel classification within the organization.

13. Salary adjustments of five percent (5%) for 28 identified classifications to address retention and recruitment issues for management classifications that supervise craft classifications.
14. The creation of a new higher-level Duties Description Record to provide the adequate supervisory differential and supervisory responsibility for a Chief Helicopter Pilot A to effect the Federal Aviation Administration newly imposed condition that requires one of LADWP's two Chief Helicopter Pilots to serve as lead pilot.
15. Incorporation of previously Board-approved Letters of Agreement into the MOU, and the clean-up of several MOU Provisions to ensure shared understanding.

The employee healthcare premium contributions outlined in number 6 above, which LADWP shall withhold from employees represented by MEA, shall be received by the recently established Water and Power Active Employee Healthcare Benefits fund and will be used to pay for healthcare plan premiums, subsidies, and expenses directly related to active healthcare benefits as established by the fund.

All other terms and conditions of the MOU remain the same.

Recommendations

That the City Council:

1. Approve and set the salaries agreed to herein;
2. Adopt the MOU; and
3. Authorize the City Controller and the General Manager of LADWP to make any necessary technical or clerical corrections.

Fiscal Impact

The fiscal impact of this four-year MOU will be \$33 million over the term of the contract. However, the fiscal impact is favorable and estimated to save LADWP approximately \$11.2 million over the next four (4) years, compared to a baseline that would have provided COLAs at the rate of inflation and did not anticipate healthcare concessions. Additionally, the MOU adopts a Tier II pension, the present value of these savings over 30 years could range from \$53 million to \$112 million.

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There is no fiscal impact on the City of Los Angeles General Fund.

If you have any questions or require further information, please contact the Director of Labor Relations, Ms. Deitra O. Fernandes, at (213) 367-1373.

Sincerely,



Marcie L. Edwards
General Manager

DOF:jjja

Enclosure

c:/enc: Mr. Miguel A. Santana, City Administrative Officer
Ms. Maritta H. Aspen, Chief Administrative Analyst
Ms. Deitra O. Fernandes, Director of Labor Relations