Meeting Date: **9/24/2013**

Report Type: Consent

Report ID: 2013-00741

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City of SACRAMENTO

City Council Report
915 I Street, 1st Floor
www.CityofSacramento.org

Title: Labor Agreement: Sacramento Police Officers Association Health Plan Rates Letter of Understanding (Reviewed 09/17/2013)

Location: Citywide

Issue: The City seeks to amend its labor agreement with the Sacramento Police Officers Association.

Recommendation: Pass a Resolution approving the Letter of Understanding between the Sacramento Police Officers Association (SPOA) and the City of Sacramento.

Contact: Geri Hamby, Director, (916) 808-7173; Shelley Banks-Robinson, Human Resources Manager, (916) 808-5541, Department of Human Resources

Presenter: None

Department: Human Resources

Division: Labor Relations

Dept ID: 08001511

Attachments:

1-Description/Analysis

2-SPOA LOU Agreement

City Attorney Review

Approved as to Form
Brett Witter
9/18/2013 10:43:41 AM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Janelle Gray
9/10/2013 12:49:12 PM

Approvals/Acknowledgements

Department Director or Designee: Geri Hamby - 9/16/2013 11:43:00 AM

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Description/Analysis

Issue Detail: The 2005-2013 labor agreement between the City of Sacramento and the Sacramento Police Officers Association (the SPOA) expired on June 28, 2013. The City and the SPOA are currently in negotiations for a successor agreement and have reached an agreement on health plan rates, which includes the following new contract terms:

- City to increase City health and welfare contribution for the 2014 plan year as follows:
  - Employee Only: City contribution shall be at a fixed amount of $696 per month, which is equal to 100% of the lowest cost non-Account-Based Health Plan (ABHP) health plan plus 100% of the lowest cost dental plan.
  - Employee Plus One Dependent: City contribution shall be fixed at $883 per month, which is equal to $850 per month plus 50% of the increase in the 2014 lowest cost non-ABHP health plan plus 50% of the increase in the lowest cost dental plan.
  - Employee Plus Two or More Dependents: City contribution shall be fixed at $1,243 per month, which is equal to $1,200 per month plus 50% of the increase in the 2014 lowest cost non-ABHP health plan plus 50% of the increase in the lowest cost dental plan.
- City to increase City health and welfare contribution for the 2015 plan year as follows:
  - Employee Only: City contribution will increase by $25 to a total of $721 per month and remain fixed.
  - Employee Plus One Dependent and Employee Plus Two Dependents: City contribution will remain fixed at the 2014 plan year contribution amounts.

In addition, to the above new terms, the City and SPOA have already signed a Letter of Understanding (LOU) agreeing on the following terms:

- Closed the cash-back plan option to employees who waive medical coverage after the 2013 open enrollment period.
- Established an ABHP insurance option available to employees during 2013 open enrollment and crediting those employees enrolled in the ABHP by December 31, 2013 with a one-time City contribution of $2,000 into a Health Savings Account (HSA);

- Eliminated retiree or survivor benefits for employees hired after June 30, 2013;

- City will eliminate the out-of-area health plan effective December 31, 2013.

- City will eliminate the $15 co-pay health plans effective December 31, 2014.

Policy Considerations: Approval of this action by the City Council is consistent with the City's legal obligations under the Meyers-Milias-Brown Act, adheres to the City's positive labor-management relations concept, and provides labor stability.

Economic Impacts: None

Environmental Considerations: This report concerns administrative activities that will not have a significant effect on the environment and that do not constitute a "project" as defined by the California Environmental Quality Act (CEQA) Guidelines Sections 15061(b)(3) and 15378(b)(2).

Sustainability: Not applicable

Commission/Committee Action: Not applicable

Rationale for Recommendation: Approval of this action is consistent with the negotiated health terms for other units in the City and will help facilitate the resolution of the new agreement between the City and the SPOA.

Financial Considerations: The FY2013/14 estimated cost for ABHP and health insurance contributions is approximately $383,600. The FY2013/14 ABHP cost is $256,000 and funding for this was included in the City's 2013/14 budget. The remaining $127,600 expense for health insurance contributions will be absorbed within the existing FY2013/14 Police Department budget. The additional $306,400 cost for health insurance contributions in FY2014/15 will be included in the Police Department's labor budget for FY2014/15. This labor agreement has a two-year cost of approximately $690,000.

Emerging Small Business Development (ESBD): Not applicable

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HUMAN RESOURCES DEPARTMENT
LABOR RELATIONS DIVISION

GERI HAMBY
DIRECTOR

CITY OF SACRAMENTO
CALIFORNIA

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ADMIN BLDG, ROOM 4133
SACRAMENTO, CA
95814-2604

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September 24, 2013

Dustin Smith
Sacramento Police Officers Association
550 Bercut Drive
Sacramento, CA 95811

RE: Agreement Regarding Health and Welfare

Dear Dustin:

This is to confirm the agreement reached between the City of Sacramento and the Sacramento Police Officers Association (SPOA) regarding amendments to the existing Memorandum of Understanding between the parties that expired on June 28, 2013, as they pertain to Health and Welfare.

Specifically, the agreement is as follows:

1. Article 7.3, AMOUNT OF CONTRIBUTION, will be deleted and replaced following new section:

   a. <u>Employees Not Enrolled in an ABHP</u>

      (1) <u>Employee Only</u>

         (a) Effective January 1, 2014, full-time career employees enrolled in a City-sponsored health plan for employee only, the City contribution shall be $696 per month, which is equal to 100% of the lowest cost non-ABHP health plan plus lowest cost dental.

         (b) Effective January 1, 2015, full-time career employees enrolled in a City-sponsored health plan for employee only, the City contribution shall be $721 per month.

      (2) <u>Employee Plus One Dependent</u>

         For full-time career employees enrolled in a City-sponsored health plan for employee plus one (1) dependent, the City contribution shall be $883 per

month, which is equal to $850 per month plus 50% of any increase in the 2014 lowest cost non-ABHP health plan plus 50% of any increase in the lowest cost dental plan.

(3) Employee Plus Two or More Dependents

For full-time career employees enrolled in a City-sponsored health plan for employee plus two (2) or more dependents, the City contribution shall be $1,243 per month, which is equal to $1,200 per month plus 50% of any increase in the 2014 lowest cost non-ABHP health plan plus 50% of any increase in the lowest cost dental plan.

2. This agreement does not establish a precedent, nor does it interpret any employee rights under the language of the Labor Agreements, the Rules and Regulations of the Civil Service Board or any applicable policies and procedures of the Police Department or the City of Sacramento except as expressly stated herein.

3. This agreement memorializes and constitutes the entire understanding between the parties as to all matters referred to or included herein, and supersedes and replaces all prior negotiations, proposed discussions, whether written or oral.

If this is your understanding of the agreement reached, please sign and date as indicated below and return one original to Labor Relations. I have enclosed an additional original for your files.

Sincerely,

John F. Shirey
City Manager

AGREED TO:

_____
Dustin Smith, President
Sacramento Police Officers Association

Approved as to form:

_____
Brett M. Witter
Supervising Deputy City Attorney