



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Alex Gurza

**SUBJECT:** SEE BELOW

**DATE:** July 30, 2007

Approved

Date

7/30/07

**SUBJECT: MEMORANDA OF AGREEMENTS WITH THE ASSOCIATION OF ENGINEERS AND ARCHITECTS, INTERNATIONAL FEDERATION OF PROFESSIONAL AND TECHNICAL ENGINEERS, LOCAL 21**

**COUNCIL DISTRICT:** N/A  
**SNI AREA:** N/A

## RECOMMENDATION

Adoption of a resolution:

- (a) Approving the terms of a Memorandum of Agreement with the Association of Engineers and Architects, International Federation of Professional and Technical Engineers, Local 21, Unit 041 and 042, and authorizing the City Manager to execute the agreement with a term of July 1, 2007 to June 30, 2009.
- (b) Approving the terms of a Memorandum of Agreement with the Association of Engineers and Architects, International Federation of Professional and Technical Engineers, Local 21, Unit 043, and authorizing the City Manager to execute the agreement with a term of July 1, 2007 to June 30, 2009.

## OUTCOME

Adoption of the resolution and authorization to execute the successor Memoranda of Agreements would implement collective bargaining unit agreements between the City and AEA.

## BACKGROUND

The City of San Jose has two labor contracts with the Association of Engineers and Architects (AEA), International Federation of Professional and Technical Engineers (IFPTE), Local 21. The contract for Unit 041 and 042 covers approximately 223 full time positions. Employees in this unit include non-management Engineers and Architects. The contract for Unit 043 covers approximately 53 full time positions. This unit includes management employees such as Senior Engineers and Senior Architects.

Both contracts expired on June 30, 2007. Tentative agreements on the new two-year agreements were ratified by the AEA membership on July 30, 2007.

## **ANALYSIS**

The following is a summary of the tentative agreements between the City of San Jose and AEA, IFPTE, Local 21:

<b>Term</b>	July 1, 2007 to June 30, 2009
<b>Wages</b>	3.00% general wage increase effective July 1, 2007.  3.75% general wage increase effective June 29, 2008.
<b>Salary Ranges</b>	<p>Currently, the classifications represented by AEA have salary ranges with fixed steps in increments of approximately 2.5%. This structure requires any movement in the salary range to be in increments of 2.5%.</p> <p>Effective July 1, 2007 classifications represented by AEA will be moved to open salary ranges, and the top of the salary ranges will be increased by 2.50% effective July 1, 2007.</p> <p>The top of the salary ranges for classifications represented by AEA will be increased by 1.50% effective June 29, 2008.</p> <p>Note: The increase to the salary ranges will not result in automatic salary increases.</p>
<b>Health Insurance Premiums</b>	<p>Effective the first pay period of payroll calendar year 2008, employees' maximum contribution for the lowest-priced medical insurance plan will increase from \$100.00 to \$150.00 per month.</p> <p>Effective the first pay period of payroll calendar year 2009, employees' contribution for the lowest-priced medical insurance plan will be 10% of the premium.</p>
<b>Health Insurance Co-Pays</b>	<p>Currently, there is no office visit co-pay or emergency room co-pay for the City's Kaiser plan. In addition, there is currently no differentiation in the co-pay between generic and brand name prescriptions.</p> <p>Effective January 1, 2008, co-pays for all available HMO plans shall be as follows:</p> <ul style="list-style-type: none"><li>a. Office Visit Co-pay: \$10</li><li>b. Prescription Co-pay: \$5 for generic and \$10 for brand name (The Blue Shield HMO will continue to include \$15 non-formulary drug co-pay.)</li><li>c. Emergency Room Co-pay: \$50</li></ul>
<b>Retiree Healthcare</b>	<p>The City and the Union will continue negotiations on the issue of retiree healthcare in a coalition bargaining process with all other interested bargaining units, if any. These negotiations will commence no later than March 2008 and will continue through at least June 2008. If no agreement is reached, the City agrees not to unilaterally</p>

implement changes to retiree healthcare benefits for AEA until any changes to retiree healthcare become effective for the largest non-sworn bargaining unit.

**Healthcare Reopener**

The City or Union may request to reopen negotiations on the issue of healthcare for active employees, in the event that a national or statewide healthcare plan is implemented on or before December 31, 2008, and such healthcare plan requires the City to cover employees represented by AEA.

**Professional Development Program**

Effective July 1, 2007, the Professional Development Program will be reduced from \$1,400 to \$600 for each employee per fiscal year.

Effective July 1, 2007, the remaining \$800 from the Professional Development Program fund will be used as a special salary adjustment of 0.6% to all classifications represented by AEA, for a total general wage increase of 3.60%.

**Vacation Accrual**

Effective the first pay period of calendar year 2008, employees will only be allowed to take vacation that has been accrued, and employees will be able to accrue up to a maximum of two times their annual vacation accrual rate.

**Vacation Sellback**

Unit 041 and 042: Effective the first pay period of payroll calendar year 2008, the maximum vacation sellback will increase from eighty (80) to ninety-six (96) hours of accrued vacation per year. Employees will have an opportunity to sell back vacation up to four (4) times per year, but not more than once per quarter.

Unit 043: Effective the first pay period of payroll calendar year 2008, the maximum vacation sellback will increase from eighty (80) to one hundred twenty (120) hours of accrued vacation per year. Employees will have an opportunity to sell back vacation up to four (4) times per year, but not more than once per quarter.

**EVALUATION AND FOLLOW-UP**

The City and the Union will continue negotiations on the issue of retiree healthcare in a coalition bargaining process with all other interested bargaining units, if any. These negotiations will commence no later than March 2008. Any changes to retiree healthcare for employees represented by AEA will be brought forward to the City Council as a separate item at the conclusion of the negotiations in 2008.

**PUBLIC OUTREACH/INTEREST**



**Criteria 1:** Requires Council action on the use of public funds equal to \$1 million or greater.  
**(Required: Website Posting)**

- Criteria 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
  
- Criteria 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

While this item does not meet the criteria above, this item will be placed on the August 14, 2007 Council Agenda and the memorandum will be available to the public on the City's website.

### **COORDINATION**

This memorandum was coordinated with the City Attorney's Office and the City Manager's Budget Office.

### **COST IMPLICATIONS**

The ongoing increased annual direct cost of the AEA (Unit 041 and 042), IFTPTE Local 21 agreement is approximately \$728,000 in the first year, and approximately \$943,000 in the second year.

The ongoing increased annual direct cost of the AEA (Unit 043), IFPTE Local 21 agreement is approximately \$218,000 in the first year, and approximately \$282,000 in the second year.

The 0.60% special adjustment in the first year for both agreements is funded by existing Professional Development Program funds. The actual change to City costs resulting from the changes to the health insurance cost-sharing formula and HMO co-pays will be based upon the health rates established by the providers for the 2008 and 2009 calendar years, which are not available at this time.



Alex Gurza  
Director of Employee Relations

For questions please contact Alex Gurza, Director of Employee Relations, at (408) 535-8150.