



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Alex Gurza

SUBJECT: SEE BELOW

DATE: October 3, 2008

Approved

Date

10/5/08

SUBJECT: AGREEMENT WITH THE CONFIDENTIAL EMPLOYEES' ORGANIZATION
(CEO), AFSCME LOCAL NO. 101, AFL-CIO

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

RECOMMENDATION

Adoption of a resolution approving the terms of a Memorandum of Agreement with the Confidential Employees' Organization (CEO), AFSCME Local 101, AFL-CIO and authorizing the City Manager to execute the agreement with a term of September 21, 2008 to September 17, 2011.

OUTCOME

Adoption of the resolution and authorization to execute the successor agreement would implement a collective bargaining unit agreement between the City and CEO.

BACKGROUND

The City of San Jose has a labor agreement with the bargaining unit, CEO. CEO represents approximately 226 full time positions including Administrative Assistants and Analysts.

The prior agreement expired on September 20, 2008. A complete copy of the prior agreement can be found at http://www.sanjoseca.gov/employeeRelations/moas/moa_ceo.pdf

On September 19, 2008, the City and CEO reached a Tentative Agreement on a three-year agreement. The Tentative Agreement for the new agreement was ratified by the CEO membership on September 25, 2008.

ANALYSIS

The following is a summary of the Tentative Agreement between the City of San Jose and CEO:

Term

September 21, 2008 to September 17, 2011

Wages

3.75% general wage increase effective September 21, 2008.

1.50% general wage increase effective September 20, 2009.

2.00% general wage increase effective September 19, 2010.

In addition to the general wage increase each year, employees who are not already at top step are eligible to receive a 5.00% step increase each year until the employee reaches top step.

Health Insurance Premium

Currently, the City pays 90% of the cost of the lowest priced plan and the employee pays the remaining 10% of the premium for the lowest priced plan up to a maximum of \$150 per month. 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 with no cap.

Health Insurance Co-Pays

Effective January 1, 2009, co-pays for all available HMO plans shall be as follows:

- a. Office Visit Co-pay: \$10
- 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.)
- c. Emergency Room Co-pay: \$50

This will result in Kaiser Office Visit Co-pays being increased from \$0 to \$10 and Blue Shield HMO Office Co-pays being increased from \$5 to \$10. In addition, Kaiser's Emergency Room Co-pay will increase from \$0 to \$50.

Retiree Healthcare

The new contract includes a provision indicating that the City and the union have agreed to continue negotiations regarding retiree healthcare benefits during the term of the new agreement.

Standby Pay

The new contract includes a provision that provides employees additional compensation for performing standby duties. Eligible employees will receive one hour of compensation for each eight (8) hour period they are performing standby duties.

Disciplinary Appeals

The new contract will contain the language proposed by the City that clarifies that disciplinary actions are not subject to the grievance procedure of the Agreement. Further, the contract will clarify that the appeal process for any disciplinary action shall be only the appeal process, which is described in the San Jose Municipal Code and City Policy Manual section regarding discipline. The Municipal Code and the City's Discipline Policy provide for appeals of formal discipline to the Civil Service Commission.

**Education
Reimbursement**

Currently, full-time employees are eligible to receive Education Reimbursement for eligible expenses incurred up to \$1000.00 per fiscal year. Of the \$1000.00 amount, up to \$300.00 may be used for non-college accredited courses, Continuing Education Units, Adult Education Classes, workshops, membership dues in professional associations, professional licenses, and professional certificates.

The new contract includes the addition of language providing full-time employees to use up to \$400.00 per fiscal year for non-college accredited courses, Continuing Education Units, Adult Education Classes, workshops, membership dues in professional associations, professional licenses, and professional certificates.

Currently, part-time benefited employees are eligible for a prorated amount of the \$1000.00 for eligible expenses, which do not include reimbursement for non-college accredited courses, Continuing Education Units, Adult Education Classes, workshops, membership dues in professional associations, professional licenses, and professional certificates.

The new contract includes the addition of language providing part-time employees a pro-rated amount of education reimbursement available to full time employees based on their benefit category, with a maximum of \$300.00 per fiscal year to be used for non-college accredited courses, Continuing Education Units, Adult Education Classes, workshops, membership dues in professional associations, professional licenses, and professional certificates.

EVALUATION AND FOLLOW-UP

The new contract includes a provision that indicates that the City and Union have agreed to continue negotiations regarding retiree healthcare benefits during the term of the new agreement. Changes to retiree healthcare for employees represented by CEO, if any, will be brought forward to the City Council as a separate item.

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)**

This item meets Criterion 1. This memorandum will be posted on the City's website for the October 21, 2008 Council Agenda.

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 CEO agreement is approximately \$824,846 in the first year, approximately \$342,339 in the second year, and approximately \$463,354 in the third year. These costs do not include the currently unknown cost increases for healthcare for active employees, increased retirement contributions, and retiree healthcare costs that will be incurred during the term of this contract.



Alex Gurza
Director of Employee Relations

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