



SACOG Board of Directors

June 8, 2006

Memorandum of Understanding with the SACOG Employees Association

Issue: Approval of the final Memorandum of Understanding (MOU) with the SACOG Employees Association (SEA).

Recommendation: The Administration Committee recommends that the Board of Directors approve the attached Memorandum of Understanding.

Committee Action/Discussion: In November 2005, the Board of Directors approved negotiating parameters for meeting and conferring with the SEA regarding a new MOU to replace the one that was to expire on May 31, 2006 (earlier this month the Board and SEA agreed to extend that MOU to June 30, 2006). On January 19, 2006, the Board of Directors unanimously approved a conceptual MOU with the SEA and we have met and conferred over the last four months to iron out the details of the conceptual MOU. The attached MOU is fully consistent with all of the financial aspects of the conceptual MOU; provisions that increase costs to the agency are balanced by others that decrease costs to the agency.

There are three things that the conceptual MOU called for that are now proposed to be further developed and brought back to the Board by December 2006. These include revised Personnel Policies, provisions for a sabbatical program, and the possible creation of additional 401(a) plans. The Personnel Policies are addressed in Section 2 of the MOU and the other two items are included as study items in Section 4.

The highlights of the MOU are:

- An enhanced Career Development Program.
- Combining sick leave and vacation into a single category of “paid time off.”
- Changes to the health insurance program that provide for current employees—and to a larger extent, future employees—to share in future increases in health insurance premiums.
- Changes to the post-retirement health benefits to reduce long-term costs to SACOG.
- Converting the retirement program from 2% @ 55 to 2.5% @ 55.

On May 25, 2006, the full SEA voted to approve the MOU.

Approved by:

Mike McKeever
Executive Director

MM:KH:gg
Attachment

Key Staff: Karen Wilcox, Director of Finance, (916) 340-6210
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MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) is made by and between the Sacramento Area Council of Governments (“SACOG”), represented by its Negotiating Team, and the Miscellaneous Employee Bargaining Unit, represented by the SACOG Employees Association (“SEA”).

WHEREAS, the parties are required by law to meet and confer in good faith regarding wages, hours, and terms and conditions of employment; and

WHEREAS, SACOG’s Personnel Rules provide that at least once yearly the Executive Director shall review the salary plan and recommend appropriate salaries, fringe benefits, and working conditions after meeting and conferring with representatives of the bargaining units; and

WHEREAS, the law provides that if representatives of a public agency and an employee bargaining unit reach agreement, they shall jointly prepare a written Memorandum of Understanding; and

WHEREAS, the Miscellaneous Employee Bargaining Unit, represented by the SEA, and SACOG, represented by its Negotiating Team, have met and conferred in good faith;

NOW, THEREFORE, the parties agree as follows:

1. The term of the MOU shall be July 1, 2006 through June 30, 2011.
2. No later than December 31, 2006, SACOG will issue revised Personnel Rules and will prepare a restated MOU for approval by the parties. The purpose of the restated MOU will be to collect and state in one document all current provisions agreed to through the collective bargaining process, up to and including the provisions agreed to herein. The Personnel Rules will be revised to contain general principles and policies which are not subject to periodic change or collective bargaining. Immediately after approval of this MOU, the parties shall establish a joint committee, comprised of management and SEA, to oversee the issuance of the revised Personnel Rules and the preparation of the restated MOU under the parameters set forth in this MOU.

The SACOG Management Team shall take the lead in preparing the revised Personnel Policies. The revised Personnel Policies will be consistent with all relevant federal and state statutes, and with the provisions of this MOU. The parties anticipate that a working draft of the revised Personnel Policies will be completed by September 30, 2006, and that a comprehensive draft will be completed for presentation to the Administration Committee at its December 2006 meeting.

3. The parties agree to the following changes to the wages, hours, and terms and conditions of employment. The effective date of change is July 1, 2006, unless otherwise indicated:
 - a. A system of "Paid Time Off" will be implemented in lieu of sick leave and vacation leave. The Paid Time Off provisions to be implemented are attached hereto as Attachment "A" to this MOU.
 - b. Beginning December 2006, SACOG offices shall close at 12 noon on the last working day before Christmas and on the last working day before New Year's Day, thus providing employees two half-day holidays for these days. All other Holidays shall remain the same.
 - c. A Career Development Plan is adopted, in accordance with Attachment "B" to this MOU.
 - d. Effective January 1, 2007, SACOG will adopt the PERS retirement formula of 2.5% @ 55, with the following additional stipulations:
 - i. Subject to iii, below, SACOG will continue to pay 7% for the "employee's contribution." Employees will pay the additional 1% employee contribution required by the 2.5% @ 55 benefit. (7% for 2% @ 55; 8% for 2.5% @ 55.)
 - ii. The employees will pay 50% of any increase in the "employer's contribution" level that exceeds the level in effect on July 1, 2007, beginning July 1, 2008, by paying a larger percent of the employee's contribution. However, the employee's contribution under this provision shall not exceed the 8% employee's contribution.
 - iii. For any fiscal year in which SACOG's "employer's contribution" is at least 2 percentage points less than SACOG's employer contribution on July 1, 2007, then SACOG will pick up the 1% employee contribution set forth in i. above (the difference between 7% and 8%).
 - e. Health Insurance Benefits are modified as set forth in Attachment "C" to this MOU.
 - f. Post-Retirement Health Benefits shall be provided as follows:
 - i. For employees hired on or before October 31, 2005, SACOG shall pay post-retirement health benefits in an amount not to exceed an amount equal to the Kaiser Bay Area/Sacramento Family Premium.
 - ii. For employees hired between November 1, 2005, and June 30, 2006, SACOG shall pay post-retirement health benefits in an amount not to exceed the Kaiser Bay Area/Sacramento Family Premium subject to the previously adopted vesting schedule.
 - iii. For employees hired on or after July 1, 2006, or as soon thereafter as it is practicable to amend the PERS contract, SACOG shall pay post-

retirement health benefits in an amount not to exceed the Kaiser Bay Area/Sacramento Two-Party Basic Premium subject to the previously adopted vesting schedule.

- g. Employees hired prior to July 1, 2006, may “opt out” of any retiree medical benefits in exchange for monthly cash payments net of FICA (OASDI and Medicare) equal to the Kaiser Bay Area/Sacramento Two-Party Basic Premium as of the retirement date, for ten years from the date of retirement. The employee must sign a release waiving all rights to any retiree medical coverage in exchange for this cash compensation.
 - h. An annual cost of living adjustment shall be made to the salary table effective August 1st of each year. The cost of living adjustment shall be equivalent to the change in the Federal Consumer Price Index for all urban consumers (CPI-U) for the State of California from June of the previous year to June of the current year, provided that such adjustment shall not be more than five percent (5%), or less than two percent (2%).
4. SACOG and SEA mutually agree to participate in and conduct the following studies. These studies will be jointly administered by SACOG and SEA and the results reported to the SACOG Board for possible action:
- i. A study of the feasibility of developing a new performance evaluation system shall be completed by October 31, 2006.
 - ii. A study of the overall health plans, including the concept of Cafeteria Benefits plan and family/maternity leave, shall be completed within one year of the effective date of the MOU. Any change to benefits in this MOU shall be subject to meet and confer.
 - iii. A study of the feasibility of performance-based pay and alternative compensation systems shall be completed within two years of the effective date of the MOU. Any change to provisions in this MOU shall be subject to meet and confer.
 - iv. A study to design an agency wide Sabbatical Program shall be completed in draft form by September 30, 2006. A comprehensive draft will be completed for presentation to the Administration Committee at its December 2006 meeting. Any change to provisions in this MOU shall be subject to meet and confer.
 - v. SACOG and SEA will work together to determine by August 31, 2006 whether it is feasible to recommend creation of additional 401(a) plans that would allow employees to redirect pre-tax dollars from salary or benefits (for example, health-insurance “cash up”).
5. The SACOG Special Pay Plan documents shall be modified as necessary to implement the Paid Time Off provisions set forth in Attachment “A.”.
6. Other than the terms and conditions set forth herein, all other terms and conditions of the current Memorandum of Understanding, as amended, shall remain

unchanged as those terms and conditions apply to members of the Miscellaneous Employee Bargaining Unit.

7. This MOU may be executed in multiple counterparts, each of which shall constitute an original, and all of which taken together shall constitute one and the same instrument.

RECOMMENDED ON BEHALF OF
SACOG:

EXECUTED ON BEHALF OF SEA

MIKE MCKEEVER
Chief Negotiator, SACOG

ROBERT MCCRARY
Chief Negotiator, SEA

APPROVED BY SACOG:

HEATHER FARGO
Chair

APPROVED AS TO FORM:

MILLER, OWEN & TROST
A Professional Corporation

By: _____
Kirk E. Trost

Attachment A **Paid Time Off**

1. Effective July 1, 2006, all sick leave and vacation leave are combined into a single category of Paid Time Off (PTO). PTO may be accrued without limit, subject to the conditions below.
2. Leave Accrual – Each employee is entitled to a PTO allowance, accrued monthly on the following basis, from date of hire:
 - a. 18.67 hours for each month of full time employment through the third year.
 - b. 22.00 hours for each month of full time employment through the fifteenth year.
 - c. 25.34 hours for each month every year thereafter.
3. Leave Use Requirement – Employees are required to take periodic leave and stay at or below the maximum accrual level. SACOG will produce a maximum accrual table for easy reference. The maximum accrual level is defined as the maximum possible cumulative PTO accrual at the end of a given fiscal year, less the minimum amount of PTO the employee is required to take. The minimum amount of PTO the employee is required to take is outlined below:
 - a. Employees are required to take at least 80 hours of leave by the end of the third year.
 - b. Employees are required to take 224 hours of cumulative PTO by the end of the fourth year of employment, with this requirement growing 144 hours each year through the fifteenth year.
 - c. From the sixteenth year onward, the employees leave use requirement grows by 184 hours each year.
4. If on June 30th of any fiscal year, the employee's PTO balance exceeds the maximum accrual, SACOG will freeze leave accrual until that time sufficient leave is taken. The Executive Director has the discretion to allow an employee to accrue PTO above the maximum accrual for personal hardship or to best serve the interests of SACOG.
5. Upon termination of employment, PTO in excess of 80 hours shall be deposited into the Special Pay Plan for the terminating employee. Should this amount exceed the then-current IRS limitation, the difference shall be paid to the employee.
6. For those employees over age fifty, PTO hours in excess of 592 as of June 30 of each year shall be deposited into the Special Pay Plan.
7. Floating Holidays – Each employee who has completed one year of service shall be granted two floating holidays per calendar year. Floating holidays are not PTO. Such floating holidays may be scheduled at the employee's discretion during the

year in which they were earned, subject to approval of the Executive Director. Floating holidays shall not be taken in increments of less than one working day. If a floating holiday is not taken within the calendar year in which it is granted, the floating holiday is lost.

8. In the event of inadequate budgetary resources, the Executive Director, after consultation with the appropriate bargaining unit, may require employees to take PTO up to the amount such employees have accrued in excess of 1,280 hours.

Attachment B

Career Development Program

SACOG is committed to a robust Career Development Program. This program will give employees increased opportunities to prepare for positions of greater responsibility, give them new tools to increase their expertise, and give them a goal oriented framework for professional development. This program is expected to support the goals of succession planning, help retain and recruit high quality employees, and assist the professional and personal development of employees.

1. The SACOG Career Development Committee (CDC) is hereby established. The Committee shall consist of two individuals appointed by the Executive Director, and two individuals appointed by the SEA. The Committee's responsibilities include:
 - Oversee the general administration of the program; monitor program finances; and forward recommendations to the Executive Director on all aspects of the career development program.
 - Support the agency's goal of identifying career development opportunities for employees, and help facilitate the realization of these opportunities.
 - Review applications for the competitive components of this program, as outlined in sections 6 & 7.
 - Meet quarterly, or as needed.
 - Members of the CDC are ineligible to go on sabbatical or to participate in the competitive benefit provisions for the duration of their committee service.
2. This program is funded for \$75,000 in each fiscal year of the current MOU. Like all SACOG programs, the funding for career development is predicated upon the general health of agency finances. Funds not expended in any given fiscal year shall carryover to the next.
3. Supervisors shall counsel the employees that report directly to them at least once per year on the employees' career development goals. The supervisor is expected to make their expectations clear to the employee, and to make specific recommendations. The employee is expected to articulate his/her near and long term goals in this area. Documentation of this counseling is encouraged. At the discretion of the Executive Director, the reporting and the timing of this counseling can be formalized in some manner.
4. Professional Training – Many career development opportunities will fall within this category. These include skill training, software training, program specific training, general professional training, and professional conferences. Employees shall submit an approved travel request for any such training. Supervisors may request a short memorandum that explains the rationale for the request. A

reasonable nexus to the employees' job description and responsibilities is expected.

During the review process, the supervisor and agency directors may also consider any other relevant factors, including issues of timing, program workload, cost, the employee's professional development goals, and the employee's job performance and past training. Training and conference opportunities that were previously funded, or that will continue to be at the discretion of the Executive Director, are now unified under the guidance of this program.

5. General Educational Assistance – This category of professional development refers to educational opportunities pursued by employees on their personal time. Any educational or vocational opportunity that has a reasonable nexus to employee's current or possible future job description may be eligible. A standardized request form shall be developed. The benefits are as follows:
 - SACOG may pay 50% of the costs of tuition and registration fees, or \$900.00, whichever is less, per semester or its equivalent.
 - SACOG may pay up to \$150.00 towards books, software programs, and other educational supplies per semester.
 - To remain eligible for these benefits, the employee must remain in good overall academic standing. If an employee should withdraw from coursework for any reason, he/she must reimburse SACOG all costs paid for that particular course by the agency.
 - The employee shall submit appropriate documentation for reimbursable expenses.

6. Merit Program – To support the professional development of highly motivated and valuable employees, a capstone Merit Program shall be established. Assuming available funding under this Program, a competitive process may select up to one bargaining unit employee per year to participate, and may support the participant's program for up to three years.
 - The Career Development Committee shall develop selection criteria and an application format for the Merit Program. Applicants will be solicited no later than July 15 of each year, and the Committee shall forward any recommendations to the Executive Director by August 31 of each year.
 - The employee shall submit a proposal to the CDC describing the educational opportunity he/she wishes to pursue, and shall demonstrate how this will further his/her professional goals and the interests of SACOG.
 - The selected employee is permitted to choose from any number of accredited or academically recognized programs. In addition to degrees of higher education, special professional certifications may be considered.
 - SACOG may pay 90% of all tuition, fees, and educational expenses for the selected program, or \$3,000 per semester or equivalent, whichever is less. The employee must establish their eligibility with the selected institution prior to incurring any reimbursable costs.

- To remain eligible for these benefits, the employee must remain in good overall academic standing and pass their coursework. If an employee should withdraw from coursework for any reason, they must reimburse SACOG all costs paid by the agency for that particular course. The Executive Director may waive some of this liability based upon extenuating circumstances or hardship.
 - The employee shall submit appropriate documentation for reimbursable costs.
7. Special Conference Selection – To promote broad exposure to the state of the art and practice in planning, and assuming available funding under this Program, SACOG will reserve one seat per year for a bargaining unit employee to each of the annual meeting of the Transportation Research Board, and to the national conference of the American Planning Association.
- The Career Development Committee shall solicit interested employees at least three months prior to the respective professional conference. At its discretion, the CDC may develop selection criteria, and it shall forward recommendations to the Executive Director in a timely manner.
 - Under this program, no single employee may be selected to more than one conference in a given year, or to the same conference in consecutive years.
 - This provision is not meant to limit the Executive Director’s discretion to send any number of employees to these, or any other, conference, if he/she believes that it is in the best interests of SACOG.
8. Mentorship – SACOG shall promote mentorship within the agency, and between SACOG and its member agencies. This program is strictly voluntary, and should remain flexible as to meet the needs of a diverse workforce. The Career Development Committee shall develop general guidelines for mentorship, and otherwise promote the practice.
9. Resource Allocation – Opportunities routinely arise for staff training or conference attendance that are tied to the needs of specific projects, including grant funded programs. Political advocacy has specially designated funding sources. The Career Development Program is not meant to be a substitute for these activities.

Attachment C

Health Insurance Benefits

The Health Insurance Benefits contained in Section 14 (g) of the SACOG Personnel Rules shall remain in effect except as modified below:

1. SACOG employees hired on or before June 30, 2006 shall be characterized as Tier I. Tier I employees shall be provided health insurance at the 2007 Kaiser Bay Area/Sacramento Family Basic Premium plus the terms in #2.
2. Effective with the January 1, 2007 premium, Tier I employees shall pay 50% of all monthly premium increases over the 2006 Kaiser Bay Area/Sacramento Family Basic Premium. However, the maximum employee share of health care premium costs shall not exceed 20% of the previous year's Kaiser Bay Area/Sacramento Family Basic Premium.
3. Cash up (as defined in Section 14.g. of the Personnel Rules) for Tier I employees shall be comprised of 2006 Kaiser Bay Area/Sacramento Family Basic Premium plus the cumulative addition of 50% of the annual increase of the Kaiser Bay Area/Sacramento Family Basic Premium.
4. SACOG shall maintain a *Base Health Care Cost Schedule* that will track the dollar amount of the Kaiser Bay Area/Sacramento Family Basic Premium for which SACOG and the employees are responsible. This schedule shall be available to all employees.
5. Employees hired on or after July 1, 2006 shall be characterized as Tier II. For Tier II employees, SACOG shall pay the health premiums up to the 2006 Kaiser Bay Area/Sacramento Family Basic Premium plus the cumulative addition of 50% of the annual increase of the Kaiser Bay Area/Sacramento Family Basic Premium.
6. Cash up (as defined in Section 14.g. of the Personnel Rules) for Tier II employees shall not exceed 50% of the then current year Kaiser Bay Area/Sacramento Family Basic Premium.
7. Maximum benefit of combined health premium and cash up for Tier II employees shall not exceed the maximum premium payment allowable under paragraph 5 above.
8. A modification to the health care cash-up benefit shall be implemented to compensate SACOG for all employer's costs, including FICA (OASDI and Medicare). For all employees (both Tier I and Tier II), the amount of the cash-up benefit shall be neutral for all employer costs.

- a. As of July 1, 2006, this shall be calculated as 92.89% of the pre-tax dollar amount to which employees are entitled. This same calculation will be used for those employees who exceed the FICA maximum.
- b. The percentage rate may change if the FICA (OASDI and Medicare) rates, or any other SACOG employer costs change, during the life of this agreement.