

June 14, 2010

TO: Honorable City Council

FROM: Gene Albaugh, City Manager
Catrina Andes, Human Resources Director



SUBJECT: Negotiations with all Bargaining Units and Unrepresented Employees

Recommendation: Request your Council's approval on Amending Article III – Compensation Plan of the Current Memorandums of Understanding (MOU's) and Extending the MOU's to end on June 30, 2014.

Background: Current Memorandums of Understanding (MOU's) in effect from July 1, 2008 through June 30, 2011, include a reopener clause (copy attached of June 4th Notice to meet and confer) during periods of economic hardship. During the preliminary budget meeting recently, staff advised your Council that the funds for the 3% salary increases included in the union contracts for next fiscal year are not available.

Under the terms of the MOU contracts (Adverse Financial Impact – Article XXXIX), we have met with the representatives of each bargaining unit and agreement has been reached on the following points.

There will be no 3% cost of living adjustment for the next fiscal year 2010-2011.

The 3% will not be lost to the employees but will be spread over the three fiscal years 2011 – 2014 at 1% each year. Thus, the contracts, with your Council's approval, for each of the bargaining units would be extended to June 30, 2014. (Three additional years).

For the period July 1, 2010 to June 30, 2011 0.0% salary adjustment. The third Friday each month will continue as a furlough day, with few exceptions, this year.

For the period July 1, 2011 to June 30, 2012 2.5% salary adjustment plus 1.0% to compensate for no increase in FY 2010 – 2011 applied to all current wages as of June 30, 2011

For the period July 1, 2012 to June 30, 2013 2.5% salary adjustment plus 1.0% to compensate for no increase in FY 2010-2011 applied to all current wages as of June 30, 2012

For the period July 1, 2013 to June 30, 2014 2.5% salary adjustment plus 1.0% to compensate for no increase in FY 2010-2011 applied to all current wages as of June 30, 2013

The agreements modify only Article III – Compensation Plan of each of the Memorandums of Understanding. The remainder of the Memorandums of Understanding, signed by the Associations and approved by the City Council in 2008, shall continue in effect to June 30, 2014.

Fiscal Impact: The cost of living adjustment amounts to a very reasonable average adjustment of 2.625% over the four year period, July 1, 2010 to June 30, 2014. The Adverse Financial Impact (Article XXXIX of the Memorandum of Understanding) remains in place in the event the City is unable, because of a substantial economic hardship, to comply with the cost of living adjustments during any of the fiscal years.



City of Nevada City

June 4, 2010

TO: Miscellaneous Employees
 Management Employees
 Police – Supervisory Employees
 Police Officer’s Employees
 Supervisory Employees
 Firefighter Employees

FROM: Gene Albaugh, City Manager
 Catrina Andes, Human Resources Director

SUBJECT: Adverse Financial Impact – Article XXXIX of Memorandum of
 Understanding - Request to Engage in Cooperative Dialogue

In the event that the City suffers substantial economic hardship during the term of this agreement, the parties agree to engage in a cooperative dialogue about ways to assist the City in addressing such hardship. “Substantial economic hardship,” as used herein, shall include, but not be limited to, the following: a decline in overall General Fund revenues of five percent (5%); a reduction in General Fund reserves of thirty percent (30%) or more; an unbudgeted increase of ten percent (10%) or more in City expenses; or a decision by the City Council to declare a fiscal emergency. Nothing in this paragraph shall preclude or impede the City Council from exercising such additional authority as may be conferred by other provisions in this agreement or by State or Federal law.

We should meet and confer on the substantial economic hardship we are experiencing at this time which is projected to continue into the next fiscal year or two.

We have set aside time on Thursday, June 10th and Friday, June 11th to meet individually with each association. Please contact me for a time convenient for you to meet with us.