

**MEMORANDUM OF UNDERSTANDING
BETWEEN THE CITY OF DALY CITY
AND
INTERNATIONAL UNION OF OPERATING ENGINEERS/
STATIONARY ENGINEERS LOCAL 39
September 1, 2015 through August 31, 2018**

The adjustments to wages, hours and conditions of employment that are set forth in this Memorandum have been negotiated by and between the bargaining representatives of the City of Daly City (hereinafter, "City") and the bargaining representatives of the International Union of Operating Engineers, Stationary Engineers, Local 39 (hereinafter, "Union"), and shall apply to all employees of the City working in the classification set forth in Appendix A.

The adjustments to wages, hours and conditions of employment that are set forth in this memorandum have been negotiated in good faith and agreed upon as being an equitable adjustment of present wages, hours and conditions of employment, between the bargaining representatives of the City and the bargaining representatives of the Union. The bargaining representatives of the Union agree to recommend to its members for their favorable consideration and vote, all of the salary and fringe benefit adjustments as set forth herein and; the bargaining representatives of the City agree to recommend to the City Council that all of the adjustments as set forth herein be adopted in full by the City Council in the same manner and procedure prescribed by law.

ARTICLE 1 – RECOGNITION

International Union of Operating Engineers Stationary Engineers Local 39 is recognized as exclusive representatives pursuant to the City of Daly City Employer-Employee Relations Resolution for all employees assigned to the classifications set forth in Appendix A which is attached and made a part hereof.

ARTICLE 2 – UNION SECURITY/AGENCY SHOP

Per the affirmative outcome of the Agency Shop election held July 8, 1999, the following is applicable:

A. Dues Deduction

The Union may have the regular dues of its members within a bargaining unit deducted from employees' paychecks under procedures prescribed by the City for such deductions. Dues deduction shall be made only upon signed authorization from the employee upon a form furnished by the City, and shall continue (1) until such authorization is revoked, in writing, by the employee; or (2) until the transfer of the employee to a unit represented by another employee organization. The Human Resources Department and the Finance Department will work to provide that dues deductions are promptly terminated when an employee transfers out of union representation through a change in classification or status. Employees may

authorize dues deductions only for the organization certified as the recognized employee organization of the unit to which such employees are assigned.

B. Agency Shop

1. The Union agrees that it has the duty to provide fair and non-discriminatory representation to all employees in all classes in the units for which this section is applicable regardless of whether they are members of the Union.
2. All employees within this bargaining unit shall:
 - a) Become and remain a member of the Union, or
 - b) Pay the Union an agency fee in an amount which may not always be less than but, will never be more than an amount which may be lawfully collected under applicable constitutional, statutory and case law made during the duration of this Memorandum of Understanding, it being understood that it shall be the sole responsibility of the Union to determine an agency fee which meets the above criteria.
 - c) Do both of the following:
 - 1) Present to the Union a written declaration that the employee is a member of a bona fide religion, body, or sect which has historically held a conscientious objection to joining or financially supporting any public employee organization, or presents a declaration that the employee registers a deep philosophical objection to joining or financially supporting a public employee organization; and
 - 2) Pay a sum equal to the agency fee described above to one of three negotiated on-religious, non-labor, charitable funds that are exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.
3. All new employees who are hired into classifications covered by this Memorandum of Understanding on or after the effective date of this Agency Shop provision as specified above shall at the time of hire execute an authorization for the payroll deduction of one of the options specified in Section 2. a., b., and c. above.
4. It shall be the duty and responsibility of the Union to notify all members of the bargaining unit, to and including new employees and re-assigned members who become members of this bargaining unit, of their agency shop participation, financial obligations, and religious, conscientious and/or philosophical options.
5. The City shall, in all appropriate cases, implement a mandatory deduction from pay for all employees within this bargaining unit for Union dues, agency fees or exemption donations. However the City shall not be required to dismiss or otherwise discipline any bargaining unit member for failure to fulfill their obligations under agency shop.

6. The Union shall provide the City with a copy of the Union's administrative procedure and appeal process for the determination and protest of its agency fees. The Union shall provide a copy of said administrative procedure and appeal process to every agency fee payor covered by this Memorandum of Understanding as provided in Section C.2.c., and annually thereafter and as a condition to any percentage change in the agency fee or, upon request by any agency fee payor in this bargaining unit.
7. If, after all other involuntary and insurance premium deductions are made in any pay period including medical insurance, Medicare, tax withholding, garnishment, judgment or governmental levy, and the balance is not sufficient to pay the deduction of Union dues, agency fee, or charity fee required by this Section, no such deduction shall be made for the current pay period. The City shall not hold over or accrue insufficient agency fee payments to other pay periods.
8. The provisions of this Section shall not apply during periods that an employee is separated from the bargaining unit, but shall be reinstated upon the return of the employee to the bargaining unit. For the purpose of this Section, the term separation includes transfer out of the bargaining unit, layoff, and leave of absence without pay. All other legal and required deductions have priority over agency fee deductions.
9. Annually, the Union shall provide the Director of Human Resources with copies of the financial report which the Union annually files with the California Employee Relations Board, the United States Department of Labor (Form LM-2), or the Union's balance and operating statement for the prior year. Failure to file such a report within sixty (60) days after the end of its fiscal year shall result in the termination of all agency fee deductions without jeopardy to any employee, until such report is filed.

C. Compliance

1. New Employees

Upon request, the City shall furnish the Union with copies of "Employee Authorization for Payroll Deductions" documents related to Agency Shop or Union Dues Deductions executed by new employees. Within ten (10) working days of hire, the City shall provide the names of the new employees in this bargaining unit to the Union. The Union shall furnish all agency fee payors with copies of the Union's administrative procedure and appeal process and, shall provide to the City confirmation of such notification to the new employees.

2. Current Employees

- a. An employee employed in a bargaining unit that has been granted Agency Shop in accordance with Section B. above in a job class or position covered by this Memorandum of Understanding shall be provided by the City with an "Employee Authorization for Payroll Deduction" form.

- b. If the form authorizing payroll deduction is not returned to the Director of Finance within thirty (30) calendar days after receipt of notice of the Agency Shop provision and the "Employee Authorization for Payroll Deduction", the Director of Finance shall so notify the Union, providing the employee's name, address, classification, and department. The Union may then, in writing, direct that the City withhold the agency fee from the employee's salary, in which case the employee's biweekly salary shall be reduced by an amount equal to the agency fee and the City shall pay that amount withheld to the Union.
- c. Within ten (10) working days of the date current employees submit their Employee Authorization for Payroll Deduction, the Union shall provide to the City confirmation that it has furnished each agency fee payor with a copy of the Union's administrative procedure and appeal process.

3. New and Current Employees

The Agency Shop provisions of this Section may be revoked by the bargaining unit membership in the manner provided under Section 3502.5(b) of the California Government Code.

- D. The Union shall indemnify, defend, and save the City of Daly City, its officers, agents and employees harmless against any and all claims, demands, suits, orders, or judgments, or other forms of liability that arise out of or by reason of this Article or action taken or not taken by the City under this Article, and shall promptly reimburse the City for reasonable legal fees and costs incurred by the City in responding to or defending against any claims, disputes or challenges. This includes, but is not limited to, the City's attorney fees and costs; to and including the reserved right of the City to select counsel of its own choice.

E. List of Employees

The City shall furnish the Union with the names, classifications and date of hire of employees assigned to classifications in the bargaining unit; provided, however, the City shall not be required to provide such information in any format other than one already utilized by the City.

ARTICLE 4 – SALARIES

- A. A 3.7% total compensation restoration effective the first full pay period of September 2015.
- B. Effective the first full pay period of September 2015 the parties agree to an on-going one percent (1%) salary increase. (See Appendix B-1 and B-2)
- C. Effective the first full pay period of January 2016 the parties agree to an on-going one percent (1%) salary increase. (See Appendix B-3 and B-4)

- D. Effective the first full pay period of September 2016 the parties agree to an on-going three percent (3%) salary increase for all bargaining members. (See Appendix B-5 and B-6)
- E. The parties agree to re-open contract to negotiate salary in September 2017.
- F. Section IRC 414(h)
City will continue to make available the Section IRC 414(h) option to affected members. Eligibility to participate and the irrevocable conditions of one-time-only election continue to be pursuant to the regulations as set forth by the Internal Revenue Service.

ARTICLE 5 – RETIREMENT

- A. Pursuant to the Public Employees' Retirement System (PERS) contract with the City of Daly City, the following provisions are provided for affected employees:

Classic Employees: For classic employees as defined by defined by Public Employees' Retirement System (PERS) and California Public Employees' Pension Reform Act of 2013, the contract with the Public Employees' Retirement System will provide the following:

- Section 21354.3 - 3% @ Age 60 Formula
- Section 20042 - One-Year Final Compensation
- Section 21335 - Annual Cost-Of-Living Allowance Increase (Up to 3%)
- Section 20965 - Credit for Unused Sick Leave
- Section 21548 - Pre-Retirement Optional Settlement 2W Death Benefit
- Section 21573 - 1959 Survivor Benefit – Third Level
- Section 21620 - \$500 Retired Death Benefit
- Section 21024 – Military Service Credit as Public Service

New Employees: For new employees hired on or after January 1, 2013, as defined by California Public Employees' Retirement System (PERS) and California Public Employees' Pension Reform Act of 2013 (PEPRA), the contract with the Public Employees' Retirement System will provide the following:

- Section 7522.2 - 2% @ Age 62 Formula
- Section 20037 - Three-Year Average Final Compensation
- Section 21329 - Annual Cost-of-Living Allowance Increase (up to 2%)
- Section 21548 - Pre-Retirement Optional Settlement 2W Death Benefits
- Section 21573 – 1959 Survivor Benefit – Third Level
- Section 20965 – Credit for Unused Sick Leave
- Section 21573 - 1959 Survivor Benefit Level 3 for affected employee
- Section 21024 – Military Service Credit as Public Service
- Section 21620 - \$500 Retired Death Benefit

- 1) Cost Sharing - Effective September 2016, bargaining unit employees shall pay point seven five percent (0.75%) towards the employer share of the PERS contribution.
- B. The City's contribution to retiree health for qualifying annuitants will be increased annually as required under PEMHCA. The City's monthly contribution to annuitants will be:

EE	up to \$769.50
EE+1	up to \$721.54
Family	up to \$948.13

This amount will be increased in subsequent years, pursuant to Government Code section 22892 (c), until such time as the contribution for annuitants described under Article 5(B) is equal to the contribution to employees described in Article 9(A).

ARTICLE 6 – HOURS AND OVERTIME

- A. Work Week Work Day: The regular workweek shall consist of forty (40) hours and the regular workday shall consist of either eight (8) hours or ten (10) hours or twelve (12) hours.
- B. Overtime: Employees working in excess of their regular work day shall be granted overtime pay or compensating time off for the time worked at the discretion of the Department Head, at time and one-half (1.5X) of the employee's base rate of pay. Employees subject to the requirements of the FLSA who work in excess of their scheduled 40-hour workweek shall be granted overtime pay at time and one-half (1.5X) of the employee's FLSA rate of pay.
- C. Call Back: If an employee is called back to work, he or she shall, upon reporting, receive a minimum of two (2) hours work, or if two (2) hours work is not furnished, a minimum of two (2) hours pay at time and one-half (1.5X) of the employee's base rate of pay. This provision does not apply to instances in which the employee is called to report before his or her regular starting time and has worked from the time he or she reports to his regular starting time.
- D. Shift Differential: Affected employees, currently working twelve (12) hour shifts, who are assigned to work and work other than that designated as a day shift, shall receive a shift differential of One Dollar (\$1.00) per hour for all hours so worked.
- E. Light Duty Policy: The department head, in consultation with the Human Resources Director will determine whether there is suitable temporary work available within the City with due regard to the needs of the City and the medical condition of the employee.
- F. Operator In Training (O.I.T) Pay- An O.I.T. who has been assigned responsibility for a shift (on either Wastewater and Water Operations), shall be granted temporary assignment pay equal to 5% above the O.I.T.'s current rate of pay for each shift worked.

ARTICLE 7 – HOLIDAYS

The holidays are:

New Year's Day, January 1	Eight (8) hours
President's Birthday (Celebrated)	Eight (8) hours
Memorial Day (Celebrated)	Eight (8) hours
Independence Day, July 4	Eight (8) hours
Labor Day (Celebrated)	Eight (8) hours
Thanksgiving Day	Eight (8) hours
Day after Thanksgiving Day	Eight (8) hours
Christmas Eve, December 24	Four (4) hours
Christmas Day, December 25	Eight (8) hours
New Year's Eve, December 31	Four (4) hours
Floating Holiday	Forty (40) hours

Effective January 1, 1999, and each January 1 thereafter, employees shall be granted forty (40) hours of floating holidays. These hours shall not accrue from calendar year to calendar year.

Effective January 1, 1999, and each January 1st thereafter, City employees who transfer or are promoted from a City work unit with other holiday schedules or newly-hired employees, shall be granted floating holidays calculated at the rate of forty (40) hours per twelve-month (12) period pro-rated from the effective date of transfer, promotion or hire, to December 31st of the year of their transfer, promotion or hire.

- Affected regular full-time employees who work a schedule of five 8-hour periods (5/8 work week) shall be entitled to take all authorized holidays at full pay, not to exceed eight (8) hours for any one (1) day provided they are in a pay status on both their regularly scheduled work days immediately preceding and following the holiday.
- Affected regular full-time employees who work a schedule of four 10-hour periods (4/10 work week) shall accrue eight (8) hours compensatory time for each holiday falling outside their normally scheduled work week. In the event that a unit member who works a 4/10 schedule is required to observe a holiday which falls within his or her normally scheduled work week, he or she will receive ten (10) hours pay. The method of scheduling operators for holiday staffing is reflected in Appendix C.
- In the event that a holiday falls within an employee's normally scheduled work week and he or she is required to work, the employee shall receive regular pay for time worked, plus Holiday Compensation at the rate of one and one-half times (1.5X) regular pay.
- Unit members shall normally have the option of selecting compensatory time off or pay for hours worked on a holiday. However, for operational reasons, the City retains the discretion of requiring the unit member to take pay in lieu of compensatory time off.

- Employees shall be paid for unused compensatory time not taken off within six (6) months from accrual.

ARTICLE 8 – LEAVES

The following leave provisions are established by the Rules and Regulations of the Classified Service of the City of Daly City and are applicable to employees in the unit.

A. Vacations

Vacation time is accumulated in accordance with the following schedule:

<u>Accrual Rate</u>	<u>Years During Which Vacation is Earned</u>
5/6 working days*/month	Accrues from initial employment date
1-1/4 working days/month	Accrues after 4th anniversary date
1-2/3 working days/month	Accrues after 12th anniversary date
2-1/12 working days/month	Accrues after 20th anniversary date

* For purposes of this section one working day is defined as eight (8) hours.

B. Sick Leave

Sick leave shall not be considered as a right which may be used at the employee's discretion, but a privilege which shall be allowed only in case of necessity and actual illness, disability and as required by law. Full-time employees shall accrue sick leave at the rate of twelve (12) working days* (ninety-six (96) hours) per year. For classifications represented by this bargaining unit, there is no maximum accrual.

Any bargaining unit employee having accumulated, unused sick leave credit who is separated from employment by retiring as set forth in the Public Employees' Retirement System contract or, for reason of death or abolishment of position, shall be paid fifty percent (50%) of said employee's daily rate of pay for each day of accumulated and unused sick leave as of the date of said retirement, death, or abolishment of position. However, the maximum pay out of 50% of accumulated, unused sick leave at the time of retirement, death or abolishment of position remains at a cash value not to exceed one hundred (100) days (eight hundred (800) hours) of pay.

* For purposes of this section, a workday is defined as eight (8) hours.

C. Bereavement Leave

A maximum of five (5) working days* bereavement leave may be taken for deaths occurring in the immediate family. Payment for time off will be subject to formal request to the City Manager by the employee who shall state in the request the relationship to the deceased. Bereavement Leave shall not be accumulated and is not a part of the sick leave benefit. For purposes of this section, immediate family shall be defined as: "a family member" including an employee's husband/wife/live-in domestic partner, son/daughter (including adopted)/step-

son/step-daughter, father/mother/adoptive father/mother, father-in-law/mother-in-law, or grandfather/grandmother.

*For purposes of this section, a working day shall be defined as the number of non-overtime hours in the day that the employee is scheduled to work.

D. Personal Leave

City agrees to provide affected employees two hours of personal leave to be taken at any time during the calendar year that is agreeable to the employee and the employee's department head. Said two hours personal leave shall be taken each year pursuant to the above conditions and shall not accrue from year to year.

ARTICLE 9 – BENEFITS

Health and Welfare

The City will contribute toward the City sponsored benefit plans during the life of this Memorandum of Understanding as follows:

A. Medical Insurance Benefits

The City will contract with the California Public Employees Retirement System (CalPERS) for the purpose of providing employees with medical insurance benefits.

The City's monthly contribution to CalPERS for each eligible active employee for the purchase of medical insurance will be:

EE	up to \$731.89
EE + 1	up to \$721.54
Family	up to \$948.13

B. Cafeteria Plan Allowance

The City will maintain a Cafeteria Plan, pursuant to Section 125 of the Internal Revenue Code, for the purpose of providing employees with access to various health and welfare benefits. Benefits available through the Cafeteria Plan include, but are not limited to, medical insurance, flexible spending accounts for out-of-pocket medical expenses and dependent care, dental insurance and life insurance benefits. The City agrees to provide a Cafeteria Plan Allowance to all employees eligible to participate in City-sponsored health benefits under Section A of this Article. Any tax consequences resulting from City contributions to the Cafeteria Plan are the sole responsibility of the employee.

The City will provide each eligible employee with a monthly Cafeteria Plan Allowance for the purpose of participation in Section 125 Cafeteria Flexible Benefits Health and Welfare Plan. The City's monthly contribution will be:

No Coverage:	\$185.00
Employee Only:	\$0.00
Employee + 1:	\$324.86
Employee + Family:	\$381.70

Effective January 2016 the cafeteria amount allowance will increase by \$150.00 per month. The City's monthly contribution will be:

No Coverage:	\$335.00
Employee Only:	\$150.00
Employee + 1:	\$474.86
Employee + Family:	\$531.70

This option includes a cash-out option for employees who either do not contribute towards benefits or who do not fully utilize the increase towards benefits contributions.

From the Cafeteria Plan Allowance, employees must purchase the following qualified benefits:

- City-sponsored Dental/Orthodontia Insurance
- City-sponsored Life Insurance in the amount of \$50,000
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From the Cafeteria Plan Allowance, employees may purchase the following qualified benefits:

- City-sponsored Medical Insurance through the PERS Health Benefits Administration
- City-sponsored Long Term Disability Insurance

In the event an employee enrolls in a City healthcare plan for which the premium cost is less than the City contribution provided in Article 9, Section A, any difference between the City's maximum monthly contribution to CalPERS under Article 9, Section A and the actual premium cost will be added to the City's Cafeteria Plan Allowance stated above.

In the event the premium for the benefits selected by the employee exceeds the City's contribution indicated above, the employee will pay the remaining balance through payroll deductions.

Remaining amounts of the Cafeteria Plan Allowance, if any, not used to purchase qualified benefits will be added to employee wages. Any such amount of Cafeteria Plan Allowance and/or the amount paid in lieu of Medical Benefits and added to wages are not compensation for retirement purposes as defined by the California Public Employees Retirement System.

The parties agree to re-open contract to negotiate medical benefits in September 2017.

C. Vision Reimbursement Program

Effective June 23, 2008, and each calendar year thereafter, employees and their dependents are eligible for a maximum reimbursement of \$150.00 per year for frames or lenses. The reimbursement may be requested every 12 months.

D. State Disability Insurance

If during the term of this agreement the bargaining unit elects the State Disability Plan; the City will contract with the State of California to provide for the State Disability Insurance Plan for employees covered by this Memorandum of Understanding. State Disability Insurance is a plan solely funded by employee contributions and there shall be no contributions by the City toward State Disability Insurance.

In disability cases arising outside the course of the employee's employment, State Disability Insurance benefits and sick benefit allowances shall be paid separately, but in the event State Disability Insurance payments cover all or part of the period during which sick benefit allowances are paid, the sum of the two (2) shall not exceed the sick benefit payable for said period, and the unused portion of accumulated sick leave will continue to be credited to the employee. Integration of sick leave benefits with State Disability Insurance payments is to be automatic; the City may not waive integration, and any employee entitled to State Disability Insurance payments must apply therefore (in order that the principle of integration may be applied) before sick benefits are payable.

The City will coordinate this benefit with sick leave, vacation and compensatory time.

ARTICLE 10 – LONG TERM DISABILITY

The City agrees to continue to provide a Long Term Disability plan to provide sixty-six and two-thirds percent (66-2/3%) of salary to a maximum of \$4,000 per month after a 60-day waiting period and exhaustion of accumulated sick leave. The City shall continue to contribute \$26.50 per month toward the plan

ARTICLE 11 – SECTION 125

During the term of this agreement, Section 125 of the Internal Revenue Code provisions shall be made available to affected employees.

ARTICLE 12 – PROTECTIVE CLOTHING, SAFETY FOOTWEAR

The City shall provide protective clothing necessary for the employee to perform his or her duties and responsibilities. All employees represented by the Union shall be provided clothing and shoes as set forth below:

- A. Employees in the Plant Operator I and II, Water Operator, Water/Wastewater Operator-In-Training, Water/Wastewater Operators I and II, and Senior Water/Wastewater Operator classifications shall be issued eleven (11) sets of shirts and pants to constitute City uniforms.
- B. Employees in the Plant Operator I and II, Water Operator, Water/Wastewater Operator-In-Training, Water/Wastewater Operators I and II, and Senior Water/Wastewater Operator classifications, shall be provided two (2) lined jackets.
- C. Effective July 1, 2005, the City shall reimburse unit members up to three hundred dollars (\$300) every two fiscal years for the purchase and/or repair of safety footwear (including socks/boot laces/inserts). Effective January 2016, the reimbursement will increase to \$350.00 every two fiscal years where applicable. Typical repair includes re-soling, re-heeling, re-stitching but does not include accessories or waterproofing/upkeep. The employee shall make the selection of an appropriate type of footwear, subject to the advance approval of the Department Head. Unit members receiving reimbursement under this provision shall be required to wear the approved footwear at all times while on duty.

PERS Reporting of Uniform and Maintenance of Uniforms

- 1. For classic members as defined by CalPERS the monetary value reported to PERS as taxable income for the purchase and maintenance of uniforms shall be based on the total the cost of uniforms and maintenance divided by the number of employees that use these uniforms. The classifications below shall receive uniforms as determined by the Department.
- 2. For new members as defined by CalPERS as of January 1, 2013, the monetary value of uniforms and maintenance of uniforms will be treated in accordance with Public Employee's Pension Reform Act (PEPRA).

For the 2013 calendar year the City will report the following values towards Uniform allowance each pay period.

Classification	2013 PERS Clothing Contributions
Plant Operator 1/11	\$ 13.68
Senior Water/Wastewater Operator	\$ 13.68
Water Wastewater Operator in Training (Water Operations)	\$ 18.76
Water Wastewater Operator in Training (Wastewater Operations)	\$ 13.68
Water/Wastewater Operator 1/11 (Water Operations)	\$ 18.76
Water/Wastewater Operator 1/11 (Wastewater Operations)	\$ 13.68

ARTICLE 13 – REIMBURSEMENT for REQUIRED CERTIFICATION

- A. Affected employees required to hold certifications as a minimum requirement of their specific classification duty statements will be reimbursed by the Department of Water and Wastewater Resources for the required renewal fees. In order to be reimbursed, employees must present a copy of the fee invoice and evidence of the satisfactory renewal(s) of their certification. Represented employees who hold a higher level certificate shall be reimbursed an amount of money equal to the required certificate renewal.
- B. Affected employees required to satisfactorily complete continuing educational units (CEUs) in order to maintain required certification will be reimbursed for the fees associated with registering and completing such units upon presentation of evidence of their satisfactory completion of the units. Prior to registration for continuing educational units, employees must have the approval of the course provider and content from the Department Head or his/her designee.
- C. Upon notification that an Operator has passed a new state certification test and requirements, management will sign off on the new certificate within 30 days. This does not apply to Article 14 “Certification Pay” or change the interpretation of that section.

ARTICLE 14 - CERTIFICATION PAY

- Effective the first full pay period of September 2015 through the last pay period of August 2016 (Up to 10% maximum for all positions):

SWRCB Certification (State Water Resources Control Board)								
Plant Operator I/II	Grade	%	Water & Wastewater Operator I/II	Grade	%	Senior Water & Wastewater Operator	Grade	%
Wastewater Treatment	I	2%	Water or Wastewater Treatment	I	2%	Water or Wastewater Treatment	I	2%
	II	2%		II	2%		II	2%
	III	2%		III	2%		III	2%
	IV	2%		IV	2%		IV	2%
	V	2%		V	2%		V	2%

- SWRCB - Effective the first full pay period of September 2016 through the last pay period of August 2017 (Up to 15% maximum for all positions):

SWRCB Certification								
Plant Operator I/II	Grade	%	Water & Wastewater Operator I/II	Grade	%	Senior Water & Wastewater Operator	Grade	%
Wastewater Treatment	I	3%	Water or Wastewater Treatment	I	3%	Water or Wastewater Treatment	I	3%
	II	3%		II	3%		II	3%
	III	3%		III	3%		III	3%
	IV	3%		IV	3%		IV	3%
	V	3%		V	3%		V	3%

- SWRCB - Effective the first full pay period of September 2017 (Up to 20% maximum for all positions):

SWRCB Certification								
Plant Operator I/II	Grade	%	Water & Wastewater Operator I/II	Grade	%	Senior Water & Wastewater Operator	Grade	%
Wastewater Treatment	I	4%	Water or Wastewater Treatment	I	4%	Water or Wastewater Treatment	I	4%
	II	4%		II	4%		II	4%
	III	4%		III	4%		III	4%
	IV	4%		IV	4%		IV	4%
	V	4%		V	4%		V	4%

Employees are required to provide copies of their certification/education and maintain current certification/education status. If any section/category of the certification/education is not current, the employee will not be entitled to certification pay. The status of certification is to be reviewed annually.

ARTICLE 15 – GRIEVANCE PROCEDURE

A grievance is defined as a condition that exists as a result of an unsatisfactory adjustment or failure to adjust a claim or dispute by an employee or employee's relative to the application or interpretation of the Rules and Regulations of the Classified Service, Departmental Rules and Regulations, Memorandum of Understanding, established policies and procedures of the City or department (whether written or oral), or a dispute or disagreement as to the facts pertaining to a disciplinary matter.

The means, manner, method or merit of any service or activity provided by law or executive order; collective issues of salary, fringe benefits, working condition subject to meeting and

conferring; any disciplinary action shall not be a subject of the grievance procedure. All grievances shall be processed in accordance with the following procedure:

Step 1: No matter shall be considered a grievance until it is first taken up orally by the employee and/or the Steward with the Division Head who will attempt to settle the matter. Employee shall file said grievance within thirty (30) calendar days of the date of the incident/event or direct knowledge of the incident/event.

Step 2: If any such grievance or complaint is not settled by the procedure above described, it shall within five (5) business days be set forth in writing by the Union and submitted to the Division Head. Within the ten (10) business days thereafter if necessary, there shall be a meeting between the aggrieved employee, the Union Steward, and the Division Head in an attempt to settle the matter. Within five (5) business days following such meeting, the employer shall give a written reply to the Union and aggrieved employee.

Step 3: If any such grievance has not been settled by the procedure described above, it shall within ten (10) business days be set forth in writing by the Union and submitted to the Department Head. Within ten (10) business days thereafter, there shall be a meeting between the aggrieved employee, the Union Steward and the Division Head in an attempt to settle the matter. Within five (5) business days following such meeting, the employer shall give a written reply to the Union and aggrieved employee.

Step 4: If any such grievance or complaint is not settled by the procedure described above, it shall within five (5) business days be set forth in writing by the Union and submitted to the City Manager. Within ten (10) business days thereafter, there shall be a meeting between the Union Business Agent, and the City Manager in an attempt to settle the matter. Within five (5) business days following such meeting, the Employer shall give a written reply to the Union.

Step 5: If any such grievance has not been settled by the procedure described above, the grievance may within five (5) business days be submitted to the Personnel Board, if eligible as an appeal or, if both parties agree, the matter shall be submitted to fact finding.

Step 6: Within five (5) business days following such request, the Employer, the Union Steward and the Union Business Agent shall agree on a fact finder and arrange for the time and place of fact finding. In case of disagreement on a fact finder, application shall be made to the State Mediation and Conciliation Service. The Employer and the Union shall each pay one-half (1/2) of the costs of fact finding, including the fees of the fact finder and other expenses of the fact finding proceedings, but not including compensation or cost of representation, advocacy or witness for either party.

Step 7: Power of Fact Finder. The Finding of the Fact finder shall be submitted with a recommendation to the Personnel Board or the City Council for final action. The Personnel Board or the City Council shall act on the recommendation of the fact finder within thirty (30) days following submission of the recommendation.

Business days are described above and defined as Monday through Friday and exclude defined holidays within this contract under Article 7.

At anytime the time frames listed in this section may be extended on a case by case basis by written mutual agreement of the City and the Union.

ARTICLE 16 – GENERAL PROVISIONS

A. Letters of Reprimand

Employees may request in writing to the Department Head with a copy to the Director of Human Resources that letters of reprimand which are Four (4) or more years old be removed from the employee's personnel file provided the following conditions are met:

1. The Letter of Reprimand is more than 4 years old.
2. The file does not contain subsequent letters of reprimand or records of disciplinary action.
3. The employee has not been notified in writing of pending disciplinary action at the time the written request to remove said letters of reprimand.

B. Labor Management Committee

Representatives of the City and the Union will meet quarterly as needed in a Labor Management Committee to discuss labor issues that arise during the term of this agreement.

C. Holiday Closure

The City reserves the right to close City Hall operations between December 24th and December 31st. During City Hall closure, employees will be required to use available accrued vacation, comp time, floating holidays or other applicable leave (not sick leave) or take unpaid time if accrued leave is not available.

D. Furlough

The City reserves the right to implement up to two days per month of unpaid furloughs. In the event furloughs are implemented, the City will meet and confer on the furlough impacts and effects.

E. Mandatory Direct Deposit

The parties agree that all employees will participate in mandatory direct deposit for payroll (including all compensation and vision reimbursements).

F. Personnel Rules

Immediately following the conclusion of labor negotiations the City and the Association will designate a labor-management subcommittee to meet and confer on changes to the Personnel Rules that are within the scope of bargaining. Changes to subjects that are within the scope of bargaining will not be made until the meet and confer process is completed.

G. City Uniform

The parties agree that the labor-management subcommittee will meet and confer to resolve City-wide disparity in provision and cleaning of uniforms.

H. Workers Compensation Temporary Disability Limits

The parties agree that Daly City Municipal Code Chapter 2.44 will be revised and amended to provide temporary disability benefits in accordance with Labor Code sections 4653 through 4657.

I. Operations Bidding for Shifts

1. 12 hour schedule will run from February thru the end of January.
2. Bidding for shifts will be posted in the Ops room from Sept 1st thru Sept 30th and bidding will close midnight, October 1st, without exception. Email announcement on shift bidding will be sent out September 1st with a follow up reminder Sept 15th.
3. Bidding will be done in six month increments, unless shorter time increments are voted on by the Operations crew.
4. Bidding for shifts will be done on a seniority basis starting with nights, after nights bids, day shift will bid on a seniority basis.
5. An operator will become vested after 5 years of service and demonstrated system competencies.
6. Until an operator becomes vested they will not be allowed to stay on nights.
7. Management will reserve the right to bring any operator back to day shift for evaluation as long as it is documented.

J. The City and Union will meet quarterly as needed to discuss labor issues that arise during the term of this agreement.

K. One-Time Payment

Upon ratification of the contract, each member will receive a one-time payment in the amount of \$1,000.

ARTICLE 17 – UNION REPRESENTATIVE

Reasonable access to employee work locations shall be granted officers of the Union and their officially designated representatives for the purpose of processing grievances or contacting members of the Union concerning business within the scope of representation. Such officers or representatives shall not enter any work location without the consent of the Department Head or his/her designated representative. Access shall be restricted so as not to interfere with the normal operations of the Department or with the established safety or security requirements.

Solicitation of membership and activities concerned with the internal management of the Union, such as collecting dues, holding membership meetings, campaigning for office, conducting elections and distributing literature, shall not be conducted during working hours.

City employees, the Union, or their officially designated Union representatives may, with the prior approval of the Department Head or his or her designated representative, be granted the use of City facilities during non-work hours for meetings of City employees provided space is available.

The use of equipment other than items normally used in the conduct of business meetings, such as desks, chairs, ashtrays and blackboards, is strictly prohibited, the presence of such equipment in approved City facilities notwithstanding.

The Union may use portions of a Department bulletin board under the following conditions:

1. All materials must be dated and must identify the Union that published them.
2. Unless special arrangements are made, materials posted will be removed thirty-one (31) days after the publication date.
3. The Department reserves the right to determine where a bulletin board shall be placed and what portion of it is to be allocated to Union's materials.
4. If the Union does not abide by these rules, it will forfeit its right to have materials posted on a Department bulletin board.

ARTICLE 18 – COOPERATION BETWEEN PARTIES

It is hereby agreed between the parties that this Memorandum of Understanding provides for the amicable adjustment of wages, hours and conditions of employment. Each party hereby gives full faith and recognition to the Rules and Regulations of the Classified Service, the City Code of the City of Daly City, and the laws of the State of California (including equal employment and fair employment statutes), and shall respect the rights, obligations, and privileges reserved to the other by such rules, regulations and laws. The Stationary

Engineers, Local 39 agrees that during the term of the Memorandum of Understanding there shall be no strike, no picketing, stoppages of work for any cause, no work slow-downs, interruption of the normal conduct of the City's business, or any other job action by any of its members. The City agrees that during the term of this Memorandum of Understanding it will not engage in any lockout of its employees.

The Union agrees to jointly cooperate with the City in increasing communications between the employees and the supervisors and to improve performance and productivity. The City and the Union recognize the importance of employee involvement in the operations of the City.

ARTICLE 19 – SEPARABILITY OF PROVISIONS

Should any section, clause, or provision of this Memorandum of Understanding be declared illegal by final judgment of a court of competent jurisdiction, such invalidation of such section, clause, or provisions shall not invalidate the remaining portions hereof, and such remaining portions shall remain in full force and effect for the duration of this Memorandum of Understanding.

In the event of such invalidation, the parties agree to meet and confer concerning substitute provisions for the provisions rendered or declared illegal.

ARTICLE 20 – FULL UNDERSTANDING

This Memorandum of Understanding constitutes a full and complete agreement by the parties and contains all of the matters upon which the parties reached agreement.

There will be no alteration or modification of any provision contained in this Memorandum without the written consent of all parties hereto. Existing practices and/or benefits which are not referenced in this Memorandum and which are subject to the meet and confer process shall continue without change unless modified subject to the meet and confer process.

ARTICLE 21 – DURATION

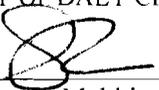
Except as specifically provided, the effective date of this Memorandum of Understanding is upon ratification by both parties.

The term of this Memorandum of Understanding shall be from September 1, 2015 through August 31, 2018.

ARTICLE 22 – SIGNATORIES

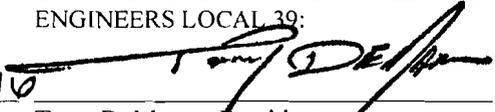
Signatories to this Memorandum of Understanding between the City of Daly City and International Union of Operating Engineers/Stationary Engineers Local 39:

REPRESENTATIVES FOR THE
CITY OF DALY CITY:

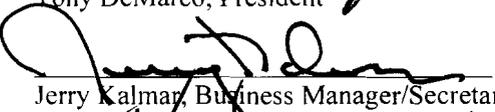

Shawna Maltbie
Director of Human Resources

3/21/16
Date

REPRESENTATIVES FOR THE INTERNATIONAL
UNION OF OPERATING ENGINEERS /STATIONARY
ENGINEERS LOCAL 39:


Tony DeMarco, President

Date


Jerry Kalmar, Business Manager/Secretary

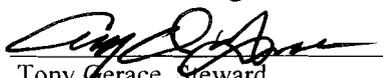
3/31/14
Date


Steve Crouch, Director of Public Employees

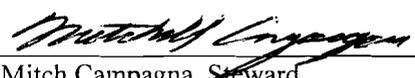
3/28/14
Date


Richard J. Putz, Business Representative

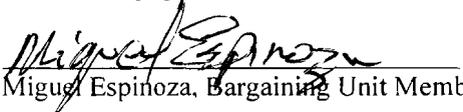
Date


Tony Gerace, Steward

3-15-2016
Date


Mitch Campagna, Steward

3/15/16
Date


Miguel Espinoza, Bargaining Unit Member

3/16/16
Date

APPENDIX A – CLASSIFICATIONS

**INTERNATIONAL UNION OF OPERATING ENGINEERS/STATIONARY
ENGINEERS LOCAL 39**

Operator-In-Training
Plant Operator I
Plant Operator II
Water/Wastewater Operator-In-Training
Water/Wastewater Operator I
Water/Wastewater Operator II
Senior Water/Wastewater Operator
Water Operator

APPENDIX B-1- SALARY SCHEDULE

**BIWEEKLY SALARY SCHEDULE
INTERNATIONAL UNION OF OPERATING ENGINEERS/STATIONARY ENGINEERS
LOCAL 39**

Effective September 12, 2015

Range	<u>STEP 1</u>	<u>STEP 2</u>	<u>STEP 3</u>	<u>STEP 4</u>	<u>STEP 5</u>
<u>W 038</u>	2355.63	2473.47	2597.14	2727.00	2863.35
A - Plant Operator I					
<u>W 042</u>	2480.33	2604.34	2734.56	2871.29	3014.85
A - Plant Operator II					

APPENDIX B-2 – SALARY SCHEDULE

**BIWEEKLY SALARY SCHEDULE
INTERNATIONAL UNION OF OPERATING ENGINEERS/STATIONARY ENGINEERS
LOCAL 39
COMBINED OPERATOR AGREEMENT**

Effective September 12, 2015

Range	<u>STEP 1</u>	<u>STEP 2</u>	<u>STEP 3</u>	<u>STEP 4</u>	<u>STEP 5</u>
<u>W 033</u> A - Water / Wastewater Operator-in- Training	2214.43	2325.15	2441.41	2563.48	2691.65
<u>W 041</u> A - Water / Wastewater Operator I	2478.54	2602.77	2732.05	2869.22	3012.68
<u>W 048</u> A - Water / Wastewater Operator II	2866.71	3010.04	3160.54	3318.57	3484.50
<u>W 059</u> A - Senior Water / Wastewater Operator	3240.63	3402.66	3572.79	3751.43	3939.00

APPENDIX B-3 – SALARY SCHEDULE

**BIWEEKLY SALARY SCHEDULE
INTERNATIONAL UNION OF OPERATING ENGINEERS/STATIONARY ENGINEERS
LOCAL 39**

Effective January 2, 2016

Range	<u>STEP 1</u>	<u>STEP 2</u>	<u>STEP 3</u>	<u>STEP 4</u>	<u>STEP 5</u>
<u>W 038</u>	2379.24	2498.20	2623.11	2754.27	2891.98
A - Plant Operator I					
<u>W 042</u>	2505.13	2630.38	2761.90	2900.00	3045.00
A - Plant Operator II					

APPENDIX B-4

**BIWEEKLY SALARY SCHEDULE
INTERNATIONAL UNION OF OPERATING ENGINEERS/STATIONARY ENGINEERS
LOCAL 39
COMBINED OPERATOR AGREEMENT**

Effective January 2, 2016

Range	<u>STEP 1</u>	<u>STEP 2</u>	<u>STEP 3</u>	<u>STEP 4</u>	<u>STEP 5</u>
<u>W 033</u> Water / Wastewater Operator-in- A - Training	2236.57	2348.40	2465.82	2589.11	2718.57
<u>W 041</u> A - Water / Wastewater Operator I	2503.33	2628.49	2759.92	2897.91	3042.81
<u>W 048</u> A - Water / Wastewater Operator II	2895.37	3040.14	3192.15	3351.76	3519.35
<u>W 059</u> A - Senior Water / Wastewater Operator	3273.03	3436.68	3608.52	3788.94	3978.39

APPENDIX B-5

**BIWEEKLY SALARY SCHEDULE
INTERNATIONAL UNION OF OPERATING ENGINEERS/STATIONARY ENGINEERS
LOCAL 39**

Effective September 10, 2016

Range	<u>STEP 1</u>	<u>STEP 2</u>	<u>STEP 3</u>	<u>STEP 4</u>	<u>STEP 5</u>
<u>W 038</u>	2450.62	2573.15	2701.81	2836.90	2978.74
A - Plant Operator I					
<u>W 042</u>	2580.28	2709.30	2844.76	2987.00	3136.35
A - Plant Operator II					

APPENDIX B-6

**BIWEEKLY SALARY SCHEDULE
INTERNATIONAL UNION OF OPERATING ENGINEERS/STATIONARY ENGINEERS
LOCAL 39
COMBINED OPERATOR AGREEMENT**

Effective September 10, 2016

Range	<u>STEP 1</u>	<u>STEP 2</u>	<u>STEP 3</u>	<u>STEP 4</u>	<u>STEP 5</u>
<u>W 033</u> Water / Wastewater Operator-in- A - Training	2303.67	2418.85	2539.79	2666.78	2800.12
<u>W 041</u> A - Water / Wastewater Operator I	2578.55	2707.48	2842.86	2985.00	3134.25
<u>W 048</u> A - Water / Wastewater Operator II	2982.24	3131.35	3287.91	3452.31	3624.93
<u>W 059</u> A - Senior Water / Wastewater Operator	3371.22	3539.78	3716.77	3902.61	4097.74

APPENDIX C

METHOD OF SCHEDULING OPERATORS FOR HOLIDAY STAFFING

Operators will be scheduled off on holidays as follows:

Step 1 - Always Off

- (a) Operators whose regular schedule shows them to be off on the holiday will not work on the holiday.
- (b) Any operators on a five-day-per-week, eight-hour-per-day schedule will take the holiday.
- (c) Operators who have previously requested the holiday off during annual vacation sign-ups or otherwise have requested the holiday off will be off.
- (d) Volunteers will be solicited from the remaining operators scheduled to work on the holiday to see if any desire to take the holiday off until 28 days prior to the holiday. These requests will be accommodated except in those cases where doing so requires additional overtime. Employees volunteering under the provisions of this section will receive eight hours of holiday pay and must use two hours of vacation or compensatory time.

Step 3 - Mandatory Scheduling

- (e) The most senior operator on each of the specific shifts to be staffed on the holiday shall indicate his or her choice of whether or not he or she wishes to work on the holiday. If he or she wishes to work on the holiday, all other operators on that specific shift will be off on the holiday. If he or she wishes to be off on the holiday, the next most senior operator on that specific shift will be given the choice of whether to work or be off on the holiday. If all operators on a specific shift wish to have the holiday off, then the least senior operator shall work the holiday.

APPENDIX D - DISCIPLINARY APPEAL PROCEDURE

The City's disciplinary appeal procedure provides for an evidentiary hearing before the Personnel Board. The Board has the authority to make an **advisory recommendation** to the City Council. The City Council has final authority.

A. Personnel Board Appeal Hearing

1. If, within the five (5) day appeal period, the employee involved does not file an appeal, unless good cause for failure is shown, the action of the City Manager or Department Head shall be considered final and binding.
2. If, within the five (5) day appeal period the employee files an appeal as specified in the Letter of Disciplinary Action by sending a letter to the City Manager and copy to the Director of Human Resources, the City Manager shall instruct the Director of Human Resources to request the Personnel Board set an appeal hearing.
3. At its next regular or special meeting, the Personnel Board shall set a hearing date which shall not be more than sixty (60) days from the date of the filing of the employee's appeal. All interested parties shall be notified in writing of the date, time and place of the hearing at least ten (10) days prior to the date of the hearing.
4. All hearings shall be open unless the employee requests a closed hearing.
5. The Chairperson of the Personnel Board shall issue subpoenas at the request of either the City or the appealing employee prior to the commencement of the hearing. Subpoenas must be served at least twenty-four (24) hours prior to the time attendance is compelled.
6. The hearing need not be conducted according to technical rules relating to evidence and witnesses, except hereinafter provided. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rules which might make improper the admission of the evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining other evidence, but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions. The rules of privilege shall be effective to the extent that they are otherwise required by statute to be recognized at the hearing, and irrelevant and unduly repetitious evidence shall be excluded.
7. The Chairperson of the Personnel Board shall rule on the admission or exclusion of evidence.

8. Each party shall have these rights:
 - a. To be represented by legal counsel or other person of the party's choice
 - b. To call and examine witnesses
 - c. To introduce evidence
 - d. To cross examine opposing witnesses on any matter relevant to the issues
 - e. To impeach any witness regardless of which party first called the witness to testify
 - f. To rebut the evidence against them
9. Oral evidence shall be taken only under Oath.
10. The hearing shall proceed in the following order unless the Chairperson, for special reason, otherwise directs:
 - a. The City shall be permitted to make an opening statement.
 - b. The employee shall be permitted to make an opening statement.
 - c. The City shall present its case in chief.
 - d. The employee may then present a defense and offer evidence in support.
 - e. The parties may then, in order respectively, offer rebutting evidence, unless the Chairperson of the Board for good reason permits them to offer evidence upon their original case
 - f. Closing arguments or briefs shall be permitted at the discretion of the Chairperson of the Personnel Board.
11. The Personnel Board shall determine the relevance, weight and credibility of testimony and evidence and shall base their findings on the preponderance of evidence.
12. The Personnel Board shall render its "Findings, Recommendations and Conclusions" as soon as possible after the conclusion of the hearing and no later than ten (10) days after conducting the hearing unless otherwise stipulated by the parties. The Board's Decision shall set forth the recommendations as to each of the charges and the reasons therefore.
13. The Personnel Board may recommend to the City Council the sustaining or rejecting of any or all of the charges filed against the employee. The Board may recommend sustaining, rejecting or modifying the disciplinary action invoked against the employee.

B. City Council Appeal Hearing

The decision of the Personnel Board is **advisory** only. The proposed decision shall be filed with City Council and served on the employee. If a suspension, dismissal or demotion is not sustained by the City Council, they shall set forth the recommended effective date the employee is to be reinstated, which may be any time on or after the date the disciplinary action went into effect. If the Council does not sustain or modifies a suspension, they shall set forth the effective dates of the modification, which may be any time on or after the date the suspension went into effect.

The matter is set before City Council at the next scheduled meeting that falls more than five days from the filing of the proposed decision. The City Council hearing shall be open unless

the employee requests a closed hearing. The hearing shall consist of summary arguments by the City's representative and the employee's representative.

The City Council may recess to Closed Session to deliberate after the presentation of the summary arguments. The City Council announces in Public Session its determination; it may affirm, deny, or modify the Personnel Board's recommendation. The determination of the City Council is final and binding.

APPENDIX E

PROCESS FOR RECLASSIFICATIONS

- A. During November, December and January of each year, an employee may request once every thirty-six (36) months, a reevaluation of his/her job based on:
- significant changes in job content and/or
 - significant discrepancies between job content and classification description, and/or
 - a pay range that is significantly below labor market rates or below internal equity for the job title and/or responsibilities assigned.

The request must contain justification, and shall be made to Human Resources, who will acknowledge the request within ten (10) day of receipt.

- B. Depending on the nature of the request and the information submitted, the job analysis may include such techniques as:
- Comparison of information supplied in the classification analysis to current job description
 - Salary and job description survey of other cities that may have matching classifications
 - Interview with incumbent, immediate supervisor, and/or department head
 - Physical desk/job audit
 - Analysis of similar classifications or positions in the City for equity purposes.

It is the City's expectation that the job analysis will be completed within 90 days. If the City is unable to complete the job analysis within this time frame, the Union will be contacted and provided an updated date of completion.

At the City's discretion, an outside consultant may be retained to complete the reclassification analysis and make a recommendation to the City.

- C. If an employee does not agree with Human Resources' draft recommendation, they can request a meeting with Human Resources within ten (10) days of receiving the determination. The Human Resources Director will respond in writing with the final recommendation no later than ten (10) days after this meeting.
- D. The final recommendation will be communicated via a memo with any supporting documentation from Human Resources to the City Manager. All recommendations are subject to the City Manager's approval. In addition to the City Manager's approval, reclassifications may be subject to approval by the Personnel Board and/or City Council. Employees in the reclassification process may have a representative present at the meeting with Human Resources regarding the reclassification results.