

MEMORANDUM OF UNDERSTANDING

Pursuant to the Myers-Milias Brown Act (MMBA), Chapter 10 (Section 3504 et. seq.) of the Government Code, the California Law governing collective bargaining, and the Employer-Employee Relations Ordinance (EERO) of the City of Palm Desert, the matters within the scope of representation that are set forth in this Memorandum of Understanding (MOU) have been discussed by the representatives of the Palm Desert Employees Organization (PDEO) and representatives of the City of Palm Desert (City).

The matters within the scope of representation that are set forth in this MOU have been discussed in good faith and agreed to by the City and the PDEO as constituting an equitable adjustment to present wages, hours and other terms and conditions of employment as evidenced by the signatures of the duly authorized representatives of the City and the PDEO.

This MOU shall not be binding upon the parties, in whole or in part, unless and until said City Council formally approves this MOU.

The City's Personnel Ordinance and Standard Operating Procedures shall govern during the term of this Memorandum of Understanding, unless otherwise indicated herein.

PDEO Board

City

Date John Urkov
 PDEO Board Member

Date John Wohlmuth
 City Manager

Date Karen Doyle
 PDEO Board Member

Date Lori Carney
 HR Manager

Date Jodi Orton
 PDEO Board Member

Date Paul Gibson
 Director of Finance

Date Jose Rojas
 PDEO Board Member

Date Dave Erwin
 City Attorney

ATTEST:

Date City Clerk
 City of Palm Desert

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ARTICLE 1 – TERMS OF AGREEMENT

This Memorandum of Understanding (MOU) shall be binding on the City and the PDEO when approved by the PDEO general membership and the City Council.

Except as otherwise provided herein, this MOU shall be in full force and effect for a term of three (3) years, from July 1, 2014 through June 30, 2017.

Any employment policies, practices and/or benefits that were in effect as of the date of signing of this MOU shall be deemed incorporated into this MOU, unless otherwise stated herein.

The parties agree that the disciplinary and grievance procedures set forth in the City's Personnel Ordinance shall govern during the term of this Memorandum of Understanding.

In the event of a conflict between the MOU and an existing policy and/or practice, this MOU provision shall govern.

The City and the PDEO agree that this MOU contains all of the covenants, stipulations, and agreements of the parties.

The City shall meet and confer in good faith with the PDEO on all matters related to the salaries, benefits and other terms and conditions of employment, in accordance with the Myers-Milias-Brown Act.

ARTICLE 2 – AMENDMENTS AND MODIFICATIONS

2.1 Modification

The City and the PDEO agree, understand and reserve the right, to meet and confer in good faith, at any time, with respect to any subject or matter covered in this MOU in order to amend or make modifications to this MOU. Any changes to this MOU must be approved by the PDEO general membership and City Council.

2.2 Severance Clause

In the event that a court finds any provision(s) of this MOU to be invalid, unenforceable, or contrary to law, such provision shall be severed from this MOU and will not be applicable, performed, or enforced, except to the extent permitted by law. The parties agree that all the other provisions of this MOU shall remain in effect.

The parties further agree to meet and confer in good faith for purposes of negotiating an alternative to any severed provision.

ARTICLE 3 - REPRESENTATION

In accordance with the MMBA and the EERO, the City of Palm Desert recognizes the PDEO as the exclusive representative of all employees in the full-time non-management employees unit as listed in Appendix A of this agreement.

The PDEO recognizes the City Manager as the exclusive representative for the City for purposes of entering into this MOU.

ARTICLE 4 - COMPENSATION

4.1 Wages

The Grade, Step and Wage Rates Schedule for employees covered by this Agreement is set forth in the Allocated Positions and Salary Resolution adopted by the City Council annually during the budget process and incorporated in this MOU by reference. Beginning July 1, 2014, there will be eight (8) steps on the grade table for all salary grades (except City Manager and City Council); however, the total range of 35% from minimum to maximum salary step remains the same. The existing 7.5% increase for Step 7 is being split between Step 7 & Step 8.

Due to the cumulative nature of the step increases Step 7 will provide a 3.5% increase and Step 8 will provide a 3.88% increase. The total cumulative difference between Step 6 and Step 8 is 7.5%.

The maximum salary remains the same in each grade. Employees currently at step 7 will be moved to step 8 with a zero percent increase, because they have already reached the maximum salary for range.

4.2 Cost of Living Adjustment (COLA)

A Cost of Living Adjustment (COLA) is an adjustment to all salaries on the salary schedule adopted by the City Council, to reflect changes in the regional cost of living as determined by the Bureau of Labor Statistics. There shall be one such adjustment during the term of this agreement.

July 1, 2015:

On July 1, 2015, a COLA shall be granted equal to the percentage change in the Consumer Price Index (CPI), published by the U.S. Department of Labor, Bureau of Labor Statistics, for the Los Angeles-Anaheim-Riverside area, for all urban consumers. Said change in CPI shall be computed as the percentage difference between the March Index of 2014 and the March Index 2015. This adjustment shall not be less than two (2) percent nor greater than four (4) percent.

4.2 Night Differential Pay

Employees who are assigned to perform their duties between the hours of 6:00 p.m. and 6:00 a.m. for a special project (and for whom the majority of hours fall after 6:00 p.m.) are eligible for night differential pay at the rate of \$2.50 per hour. This does not apply to employees assigned to standby duty and receiving standby pay.

Night differential pay will be subject to the following regulations:

- Night Differential schedules must be pre-approved by the Department Head;
- Night Differential amount paid will be \$2.50 per hour;
- Employees on “stand-by” and receiving stand-by pay who are called back to work are not eligible for Night Differential, because they have already been compensated through the ‘stand-by’ and ‘call-back’ provisions;
- In order to qualify, the majority (greater than fifty percent) of the work must be performed between the hours of 6:00 p.m. and 6:00 a.m.

4.3 Working on Holidays

Non-exempt employees may be paid at the overtime rate when required to work on a scheduled holiday. In order to receive the overtime rate for holiday work the following conditions must be met:

- The employee must work at least forty hours in the same workweek the holiday falls in, (Holiday hours count as hours worked when computing the total for the workweek);
- The employee cannot have been scheduled an alternate day off in the same workweek;
- If the employee takes sick or vacation time off during the same workweek such time shall not be counted as hours worked for the computation of overtime.

ARTICLE 5 – BENEFITS

The City’s Personnel Ordinance shall govern the extent to which benefits are given and maintained. The City agrees to meet and confer with the PDEO prior

to any final decision by the City to change any current benefits during the term of this MOU over the effects of such change.

5.1 Employee Flexible Benefits

The City shall provide its employees with health plan benefits through an IRS Section 125 Flexible Benefits Plan. This plan is referred to as the “Cafeteria Plan” because it offers a “menu” of benefits choices. The City will provide a flat \$50.00 / month as a flex plan credit component to the cafeteria plan which can be used toward the purchase of benefits, placed in a Flexible Spending Account or received as taxable cash via payroll. Those employees who ‘opt out’ of the City provided health plans shall receive a flat \$150.00 / month additional flex plan credit in lieu of coverage.

5.2 Health Insurance Benefits

The plan will provide premium coverage (with no employee contribution) for employees and their dependents that choose a plan other than PersCare (the most expensive PPO). Employees who chose the PersCare PPO will be responsible for paying the difference in premium through a pre-tax payroll deduction. If CalPERS changes the names of the plans, this provision will still apply to the highest cost plan.

Example (2014 family rate):

Plan Name	Premium	City Paid	Employee Pays
Kaiser	\$1,567.25	\$1,567.25	\$0.00
Blue Shield	\$1,412.35	\$1,412.35	\$0.00
PersChoice PPO	\$1,591.85	\$1,591.85	\$0.00
PersCare PPO	\$1,659.37	\$1,591.85	\$67.52

Eligible dependants for Health Care Coverage are defined by CalPERS and include, spouse, domestic partner, and children (including, foster, step and economically dependent) up to age 26.

5.3 Dental Benefits

The City shall provide its employees and eligible dependents with Dental Benefits. Eligible dependants for Dental coverage are Spouse, Domestic Partner and children (including foster, step and economically dependent) up to age 26.

The basic Dental benefit shall provide a maximum dollar limit of \$2,000 per year along with additional orthodontia and implant coverage (\$1,000 lifetime benefit at a 50% co-pay).

5.4 Vision Benefits

The City shall provide its employees and eligible dependents with Vision benefits. The plan will provide basic exams and single vision lenses annually. It will also provide frames, up to \$120.00, every 24 months. The benefit will include an option for contact lenses. Eligible dependants for Vision coverage are Spouse, Domestic Partner and children (including foster, step and economically dependent) up to age 26.

5.5 Retiree Health Stipend Program

The City offers a Retiree Health Stipend Program to assist long-term employees in offsetting the cost of health insurance in retirement. The program's provisions are dependent on hire date and are set forth in a Resolution adopted by City Council and included here as Appendix B.

5.6 Funding For The Retiree Health Stipend Program

The City maintains an independent trust fund for the purpose of providing retiree health stipend payments. An actuarial report is used to determine the funded status of the plan which is reported in accordance with Governmental Accounting Standards Board (GASB) Statement 45. Future contributions to the fund will be subject to actuarial reporting and Council approval during the yearly budget process.

5.7 401a Plan for Post-Retirement Health Benefits

The City and the PDEO agree to meet and confer over the terms and conditions applicable to the creation of a 401a plan for post-retirement health benefits for new employees hired after its implementation date. This program would be voluntary for existing employees. January 1, 2015 is the planned start date.

5.8 Short Term Disability Insurance

The City agrees to offer a voluntary program of Short Term Disability Insurance which interested employees may purchase through payroll deduction. This plan is not intended to take the place of accrued sick leave. It is provided as a "safety net" for those employees who choose to purchase it.

5.9 California Public Employees Retirement System (CalPERS) Contract

Employees hired BEFORE September 1, 2011:

Regular employees hired prior to September 1, 2011 will be enrolled in CalPERS under the retirement formula of 2.7% at age 55.

Effective July 1, 2012, employees shall pay the full 8% of salary, employee portion, to CalPERS. The City will cease paying any part of the “employees” portion and therefore will no longer report EPMC.

Along with the 2.7% @ 55 formula the following benefits are included in the CalPERS contract for employees hired prior to September 1, 2011:

- (a) Post-Retirement Survivor Allowance (PRSA) 50%. Upon the death of a retiree, the PRSA, 50% of the unmodified allowance, will continue to an eligible survivor. – Section 21624/21626
- (b) Increased Level of 1959 Survivor Benefits (level 2) (Benefit payable to eligible survivors if the member’s death occurs during employment.) – Section 21572
- (c) Credit of Unused Sick Leave. Any unused sick leave days will be converted to service credit at the rate of 0.004 years of service for each day of sick leave provided there is less than 120 days between the member’s separation date and retirement date. – Section 20965
- (d) Industrial Disability Retirement. A miscellaneous member may qualify for an Industrial Disability Retirement (IDR) if they are unable to perform the duties of their job because of a job-related injury or illness. – Section 21151
- (e) Improved Non-Industrial Disability Allowance. If a member retires on a non-industrial disability, the allowance would be equal to 30% of final compensation for five (5) years of service credit and 1% for each additional year of service credit to a maximum of 50% of final compensation. – Section 21427
- (f) One-year Final Compensation (Final compensation calculated using the last (or highest) twelve (12) consecutive monthly pay rates.) – Section 20042
- (g) COLA 2% - Beginning the 2nd calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis of 2% maximum. However, the adjustment may not be greater than the change in the Consumer Price Index. – Section 21329
- (h) Retired Death Benefit \$500 – Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree’s designated survivor(s), or to the retiree’s estate. – Section 21620

Employees hired AFTER September 1, 2011:

Regular, full-time employees and regular part-time employees who exceed 1,000 hours per fiscal year, hired after September 1, 2011 will be enrolled in CalPERS under the retirement formula of 2% at age 55.

Effective July 1, 2012, or earlier if changes are made to the California Public Employment Law, employees shall pay the full 7% of salary to CalPERS.

Along with the 2% @ 55 formula the following benefits are included in the CalPERS contract for employees hired after September 1, 2011:

- (a) Post-Retirement Survivor Allowance (PRSA) 50%. Upon the death of a retiree, the PRSA, 50% of the unmodified allowance, will continue to an eligible survivor. – Section 21624/21626
- (b) Increased Level of 1959 Survivor Benefits (level 2) (Benefit payable to eligible survivors if the member's death occurs during employment.) – Section 21572
- (c) Credit of Unused Sick Leave. Any unused sick leave days will be converted to service credit at the rate of 0.004 years of service for each day of sick leave provided there is less than 120 days between the member's separation date and retirement date. – Section 20965
- (d) Industrial Disability Retirement. A miscellaneous member may qualify for an Industrial Disability Retirement (IDR) if they are unable to perform the duties of their job because of a job-related injury or illness. – Section 21151
- (e) Improved Non-Industrial Disability Allowance. If a member retires on a non-industrial disability, the allowance would be equal to 30% of final compensation for five (5) years of service credit and 1% for each additional year of service credit to a maximum of 50% of final compensation. – Section 21427
- (f) COLA 2% - Beginning the 2nd calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis of 2% maximum. However, the adjustment may not be greater than the change in the Consumer Price Index. – Section 21329
- (g) Retired Death Benefit \$500 – Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate. – Section 21620

Employees hired AFTER January 1, 2013:

Employees hired after January 1, 2013 are subject to the Public Employees Pension Reform Act (PEPRA) and receive benefits as classic or new members based on the terms of the act.

6. Cellular Phone Stipend

Designated employees will receive a stipend for business use of their personal cellular phone. Employees are designated by their Department Director and must be approved by the City Manager prior to the granting of the Cell Phone Stipend. The terms and conditions of the stipend program are adopted by City Council Resolution and employees must sign an acknowledgement prior to receiving the stipend. The stipend is paid through payroll, is considered taxable income and is subject to withholding.

RESOLUTION NO. 08-2

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PALM DESERT, CALIFORNIA, RESCINDING RESOLUTION NO. 99-65 AND ADOPTING REVISED GUIDELINES FOR THE RETIREE SERVICE STIPEND PROGRAM FOR EMPLOYEES AND MEMBERS OF THE CITY COUNCIL.

WHEREAS, The City's Labor Negotiator has met and conferred with the Palm Desert Employees Organization on the terms of a Memorandum of Understanding;

WHEREAS, the parties reached agreement in the matter of revising the retiree health stipend program established in Resolution 99-65; and

WHEREAS, this agreement changes the terms of the program adopted by Resolution 99-65 for employees and Members of the City Council who begin their service after January 1, 2008,

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Palm Desert, California, as follows:

SECTION I: Statement of Purpose

The purpose of the City offering a retiree service stipend is to reimburse eligible retired Palm Desert City employees a portion of their benefit premiums. This stipend is not meant to fully cover the cost of benefits. This program rewards long term employees, via the reimbursement stipend, who have given diligent employment service to the City of Palm Desert.

In response to concerns over the rising costs of post retirement health benefits and the implementation of accounting standard GASB 45 the City has set up a two-tier program with different benefit levels based upon employment start date.

SECTION II: Eligibility

All full-time or part-time employees of the City of Palm Desert are eligible to participate in the "Retiree Service Stipend Program" based upon the criteria outlined below:

Employees and Members of the City Council who began their service prior to December 31, 2007:

1. The employee must have at least ten (10) continuous years of service with the City of Palm Desert;
2. The employee must retire from the City of Palm Desert and from the California Public Employees Retirement System, simultaneously;
3. The employee must be at least 50 years of age at the time of retirement;

RESOLUTION NO. 08-02

4. The employee and/or retiree must conform to the rules, regulations and requirements of the CalPERS Health Benefits Service Division to receive the retiree service stipend;
5. Retirees of the City of Palm Desert may be eligible for CalPERS Health Benefits but may not be eligible for the Retiree Service Stipend Program;
6. The retiree service stipend shall cover all retirees previously qualified under Resolution No. 92-96 (rescinded by Resolution 99-65); and
7. Retirees must be covered by CalPERS Health Benefit Services at the time of retirement and must elect to participate in the retiree service stipend within thirty (30) days of their retirement date.

Employees and Members of the City Council who began their service after January 1, 2008:

1. The employee or Councilmember must have at least fifteen (15) continuous years of service with the City of Palm Desert;
2. The employee must retire from the City of Palm Desert and from the California Public Employees Retirement System, simultaneously;
3. The employee must be at least 50 years of age at the time of retirement;
4. The employee and/or retiree must conform to the rules, regulations and requirements of the CalPERS Health Benefits Service Division to receive the retiree service stipend;
5. Retirees of the City of Palm Desert may be eligible for CalPERS Health Benefits but may not be eligible for the Retiree Service Stipend Program;
6. Retirees must be covered by CalPERS Health Benefit Services at the time of retirement and must elect to participate in the retiree service stipend within thirty (30) days of their retirement date.

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SECTION III: General Provisions

The following provisions apply to all employees and Members of City Council, regardless of the date on which they began City service:

1. The City's Retiree Service Stipend Program will reimburse the employee for the premium contribution outlined in Section IV of this Resolution. CalPERS will reduce the retirement contribution of the retired employee by the amount of the premium minus the amount set by CalPERS in accordance with Government Code Section 22825 as the minimum employer contribution. The City will send the retiree a service stipend based upon the provisions of Section IV of this Resolution once per month. The service stipend will only be paid by the City to the City's retirees; however, CalPERS Health Benefits may be available to the retiree's survivors without a service stipend reimbursement.
2. All retirees are required by CalPERS and the City to enroll in Medicare when they become eligible.
3. If, for any reason, the City elects to change from CalPERS Health Benefits to another form of health coverage in the future, retirees will also be placed under the new health plan. This will insure that there is no disparity in coverage between active and retired employees; and
4. Should a State of national health care program be established, the City and the Palm Desert Employee's Organization will, at that time, meet and confer as to the impacts on the retiree service stipend and make recommendations for amendments or adjustments as deemed necessary. The City reserves the right to change the benefits under the program and the payments of the benefits if this was to occur.

SECTION IV: City Service Stipend Contributions

The City has a two-tier system of calculating Service Stipend contributions based upon the date which an employee or Member of City Council begins their service with the City.

Employees and Members of the City Council who began their service prior to December 31, 2007:

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1. If the eligibility criteria outlined in Section II are met, an employee is eligible to receive a stipend as reimbursement for benefit premiums based on the following table:

<u>Years Served:</u>	<u>Percentage of Premium</u>
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%

- a. All service must be continuous. Retired employees qualifying for the service stipend program are able to receive a maximum of Seventy-five (75%) percent of the benefit premium reimbursed by the City, regardless of the number of years of continuous service over fifteen (15) years.
2. The City may elect to add benefits for its retirees. If the City were to add benefits, over and above the currently contracted health benefits, the reimbursement percentage may not follow the aforementioned schedule. (10-15 plus years of service has a reimbursement between 50% and 75% of the premium.) A separate reimbursement schedule may be developed; and
3. The retiree service stipend may be modified in an amount proportionate to any change in the amount of benefit contributions to its active employees. Current retirees are subject to any and all modifications of the retiree service stipend and related benefits.

Employees and Members of the City Council who began their service after January 1, 2008:

Employees who retire from City service and who meet the eligibility criteria outlined in Section II are eligible for a reimbursement of retiree health premiums of up to fifty percent (50%) of the cost of the lowest cost plan available through the City's health benefits contract. Percentages available at specific age/years of service combinations are outlined in the following table:

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Age:	Years of Service at Retirement										
	15	16	17	18	19	20	21	22	23	24	25+
50	0%	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%
51	10%	15%	20%	25%	30%	35%	40%	45%	50%	50%	
52	20%	25%	30%	35%	40%	45%	50%	50%			
53	30%	35%	40%	45%	50%	50%					
54	40%	45%	50%	50%							
55+	50%	50%									

The following terms and conditions also apply to calculation of the service stipend:

- a) The employee must retire from City service and be receiving a CalPERS pension.
- b) Reimbursements will be based on premiums for Retiree only or Retiree + spouse or domestic partner, not family coverage.
- c) Reimbursements will be calculated based on premiums for the lowest cost plan offered by CalPERS (currently Kaiser HMO). If a retiree obtains another plan outside of the CalPERS system, and provides documentation of that plan and its costs, they may be reimbursed for a percentage of that premium provided it is not greater than the lowest cost plan offered by CalPERS.
- d) Retirees, who voluntarily drop their insurance coverage, and therefore the Stipend, will not be allowed to re-enroll in the stipend program.
- e) The Stipend will be discontinued when the retiree reaches Medicare age (typically 65 years of age) or is enrolled in Medicare, (whichever comes first).

SECTION V: Annual Recertification Update

- 1. All retirees who avail themselves of this benefit may be required to provide the City with annual recertification information in December of each year. CalPERS will provide the City with a list of retirees enrolled in CalPERS Health Benefits and the type of coverage, the premium amount and the minimum required employer contribution. This information will be compared to the City's records. The City will have the following authority:

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2. The City will have the sole authority to determine the relevant information needed to administer this program. Such information shall include, but not be limited to:
 - a. Retired employee's current mailing address and phone number;
 - b. Current dependant coverage status and their relation to the insured;
 - c. Type of health insurance selected by retire from CalPERS options; and
 - d. Medicare application and status of Medicare enrollment.

3. At the time of retirement, the retired employee must sign a statement that failure to supply this information or providing false information will result in the termination of the service stipend.

SECTION VI: Effective Date

The retire service stipend program contained in this resolution is effective January 1, 2008, for all employees and Members of the City Council.

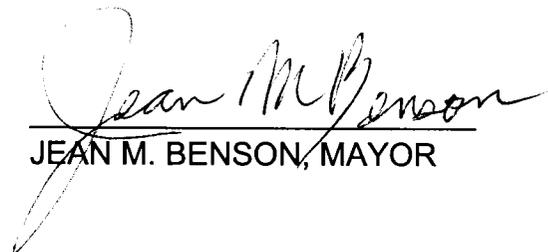
PASSED, APPROVED, AND ADOPTED this 14th day of February, 2008, by the City Council of the City of Palm Desert, California, by the following vote, to wit:

AYES: FERGUSON, FINERTY, KELLY, SPIEGEL, and BENSON

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE


JEAN M. BENSON, MAYOR

ATTEST:


RACHELLE D. KLASSEN, CITY CLERK
CITY OF PALM DESERT, CALIFORNIA