

MEMO



**Discussion/Action
Item #: 7.b**

Meeting Date: July 19, 2024

To: Board of Directors
From: Berta R. Torres, Director of Human Resources
Approved by: General Manager, Felipe Melchor

Subject: Approval of Memorandum of Understanding (MOU) for OE3 Support Unit and Operations Unit

Recommendation

That the Board approve the Memorandum of Understanding (MOU) for the Operating Engineers Local 3: 1) Support Unit and 2) Operations Unit, effective July 1, 2024.

Background and Discussion

Staff is pleased to report that tentative agreements were reached and ratified with the Operating Engineers Local 3 for new labor contracts, pending Board approval, between ReGen Monterey and the following bargaining Units.

- Support Unit – Attachment A
- Operations Unit – Attachment B

Staff participated in the four-month negotiations process with guidance from the Board and the tentative agreements include financial terms that are within the authorization provided by the Board. Following is a summary of the most significant terms included in both contracts:

- 5 Year Term (2024 to 2029)
- Implementation of the *Total Compensation Study of April 26, 2024*, as follows:
 - o Classifications found to be within the market median: A Cost-of-Living Adjustment (COLA) based on the Consumer Price Index (CPI) of the San Francisco Area of April of each year of the contract term, with minimum of 2.5% and a maximum of 4.5%.
 - o Classification found to be above market median by 10% or more: A lump sum payment equivalent to the CPI (as noted above) in years 1 and 2, effectively freezing pay schedule for years 1 and 2.
 - o Classifications found to be below the market median: A market rate adjustment over a two-year period to bring classifications to market median and a COLA, based on the CPI as noted above.
- *A Medical Coverage Opt-Out Benefit*, in the amount of \$250 per month in the form of a deferred compensation contribution (457(b)). Employees who waive medical coverage with written proof of minimum essential coverage (MEC) through another source are eligible.

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Let's not waste this.



- A *One-Time Contribution to Deferred Compensation Plan 457(b)*, in the amount of \$250 to all employees who have an established 457(b) account within 90 days.
- Health insurance premium cost-share split to be 85% (employer) 15% (employee).
- Increase in short-term and long-term disability weekly and monthly maximum benefit payments.
- No changes to paid time off accruals, holidays, deferred compensation or all other benefits.
- Personnel Policy Changes:
 - o Exclusion of non-productive hours from total weekly hours for purposes of overtime pay. Overtime pay will be paid on actual worked hours.
 - o Attendance Policy Amendment to encourage responsible management of PTO and ensure minimum staffing levels are met.
 - o Changes to Holiday Pay eligibility requirements to encourage responsible management of PTO day before and after holiday and ensure minimum staffing levels are met.

Financial Impact

The first-year financial impact of the labor agreements (including pay adjustments and all other benefits) is approximately \$350,000, and is included in the FY 2024/25 Final Budget.

Conclusion

Staff requests Board approval of the Support Unit MOU and Operations Unit MOU for the period of July 1, 2024, through June 30, 2029. The MOUs reflect ReGen's commitment to provide fair market wages and a comprehensive benefits package that support recruitment and retention, foster fairness and equity and ensures financial stewardship and sustainability.

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