



CITY OF  
**FOLSOM**  
DISTINGUISHED BY NATURE

# Folsom City Council Staff Report

<b>MEETING DATE:</b>	12/14/2021
<b>AGENDA SECTION:</b>	Consent Calendar
<b>SUBJECT:</b>	Resolution No. 10763 – A Resolution Authorizing Adoption of an Amendment to the Memorandum of Understanding between the City of Folsom and the International Union of Operating Engineers, Local 39
<b>FROM:</b>	Human Resources Department Finance Department

## **RECOMMENDATION / CITY COUNCIL ACTION**

It is recommended that the City Council pass and adopt Resolution No. 10763 – A Resolution Authorizing Adoption of an Amendment to the Memorandum of Understanding between the City of Folsom and the International Union of Operating Engineers, Local 39

## **BACKGROUND / ISSUE**

The existing Memorandum of Understanding between the City of Folsom and the International Union of Operating Engineers, Local 39 (IUOE) contains Article VI, Section 3, Longevity Pay. The wording in this section does not comply with the California Public Employees Retirement System (CalPERS) wording to be included in the salary calculation for retirement benefits. Staff is proposing to remove one sentence in Article VI, Section 3, Longevity Pay, paragraph A that refers to the longevity pay being contingent on the annual performance evaluation of the employee. This amendment will not change the percentage paid or the years of service required to earn the longevity benefit.

## **POLICY / RULE**

Section 2.08.040, Powers and Duties of City Manager, Subsection G describes the duties of the City Manager to administer all contracts of which the City is a party, including contingency appropriations for construction contracts, and assure that the city's interests are safeguarded, terms are enforced and all elements of any contract are faithfully administered, delegating such oversight and authority to the several departments and offices as he/she shall deem appropriate.

**ANALYSIS**

Staff was notified by CalPERS that a longevity-eligible employee that retired from the city was denied longevity pay from being included in the salary calculation due to the wording in the Memorandum of Understanding (MOU). The MOU contains wording making longevity pay contingent on a satisfactory evaluation. The city has never tied the longevity pay to a satisfactory performance evaluation. The longevity pay is only based on length of service with the city. This amendment will not amend the length of service or the percentage paid as longevity pay.

Below is the current wording with the sentence to be removed shown with a strike through.

Article VI, Section 3, Longevity Pay

- A. Subject to subsection B below, employees in the IUOE bargaining unit shall be eligible to receive Longevity Pay beginning with ten (10) or more years of City service. ~~Longevity Pay is contingent upon the fact that the eligible employee has received an overall satisfactory or above rating in his/her last annual performance evaluation.~~ The Longevity Pay formula is based on 2 ½% increments and is as follows:
  - 2 1/2% after ten (10) years of City service;
  - an additional 2 ½% for a total of 5% after fifteen (15) years of City service;
  - an additional 2 ½% for a total of 7 ½% after twenty (20) years of City service.
  
- B. Employees hired after July 1, 2010 shall not be eligible to receive Longevity Pay.

Staff has been in contact with the employee representative of IUOE and they agree with the change to the MOU.

**ATTACHMENTS**

1. Resolution No. 10763 – A Resolution Authorizing Adoption of the Amendment to the Memorandum of Understanding between the City of Folsom and the International Union of Operating Engineers, Local 39
  
2. Proposed Addendum to the Memorandum of Understanding between the City of Folsom and the International Union of Operating Engineers, Local 39

Submitted,



Allison Garcia  
Human Resources Manager



Stacey Tamagni  
Finance Director/CFO

# ATTACHMENT 1

**RESOLUTION NO. 10763**

**A RESOLUTION AUTHORIZING ADOPTION OF AN AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF FOLSOM AND THE INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 39**

**WHEREAS**, the City of Folsom and International Union of Operating Engineers, Local 39 (IUOE) have reached an agreement to amend the existing Memorandum of Understanding regarding certain terms and conditions of employment:

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Folsom that the Addendum to the Memorandum of Understanding (MOU) between International Union of Operating Engineers, Local 39 for the term of September 1, 2019 to June 30, 2022 is hereby approved, and

**BE IT FURTHER RESOLVED** that the City Council of the City of Folsom authorizes the City Manager to execute said Amendment to the Memorandum of Understanding on behalf of the City of Folsom.

**PASSED AND ADOPTED** this 14th day of December, 2021, by the following roll-call vote:

**AYES:** Councilmember(s):  
**NOES:** Councilmember(s):  
**ABSENT:** Councilmember(s):  
**ABSTAIN:** Councilmember(s):

\_\_\_\_\_  
Michael D. Kozlowski, MAYOR

ATTEST:

\_\_\_\_\_  
Christa Freemantle, CITY CLERK

## **ATTACHMENT 2**

**Amendment To  
2019-2022  
Memorandum of Understanding (MOU)  
Between  
City of Folsom and International Union of Operating Engineers, Local 39**

The Parties hereby agree to the following:

The purpose of this Amendment is to correct Article VI, Section 3, to reflect the intent and practice with regard to Longevity Pay. Contrary to the language in Article VI, Section 3, Longevity Pay has never been tied to a satisfactory performance evaluation and has always been expected to be part of salary calculation included in CalPERS retirement. No employee has ever been denied longevity pay due to less than satisfactory performance.

Parties agree to the following:

**Article VI, Section 3, Longevity Pay**

- A. Subject to subsection B below, employees in the IUOE bargaining unit shall be eligible to receive Longevity Pay beginning with ten (10) or more years of City service. ~~Longevity Pay is contingent upon the fact that the eligible employee has received an overall satisfactory or above rating in his/her last annual performance evaluation.~~ The Longevity Pay formula is based on 2 1/2% increments and is as follows:
- 2½% after ten (10) years of City service;
  - an additional 2½% for a total of 5% after fifteen (15) years of City service;
  - an additional 2½% for a total of 7½% after twenty (20) years of City service.
- B. Employees hired after July 1, 2010 shall not be eligible to receive Longevity Pay.

This Addendum shall be effective immediately.

City of Folsom:

For IUOE, Local 39:

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Elaine Andersen  
City Manager

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Chuck Thiel  
Business Representative