



RESOLUTION NO. _____

BOARD LETTER APPROVAL

A blue ink signature of Andrew C. Kendall is written over a horizontal line.

ANDREW C. KENDALL
Senior Assistant General Manager –
Corporate Services

A blue ink signature of Martin L. Adams is written over a horizontal line.

MARTIN L. ADAMS
General Manager and Chief Engineer

DATE: October 17, 2022

SUBJECT: Approval of Amendments to the Memoranda of Understanding for Ten Bargaining Units Represented by the International Brotherhood of Electrical Workers, Local 18, for the Contract Term October 1, 2022, Through September 30, 2026

SUMMARY

The accompanying Resolution is in accordance with bargaining instructions authorized by the Executive Employee Relations Committee (EERC). The Memoranda of Understanding (MOU), as amended, constitute the labor contracts consummated with the International Brotherhood of Electrical Workers (IBEW), Local 18, for the term of October 1, 2022, through September 30, 2026, for the following bargaining units:

- Administrative Representation Unit
- Clerical Unit
- Operating, Maintenance and Service Unit
- Professional Unit
- Steam Plant and Water Supply Unit
- Supervisory Blue Collar Unit
- Supervisory Clerical and Administrative Unit
- Supervisory Professional Unit
- Supervisory Technical and Business Administration Unit
- Technical Representation Unit

City Council approval is required.

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners (Board) adopt the attached Resolution recommending City Council's approval of the MOU Amendments as required in Charter Section 219.

The MOU Amendments will not take effect unless and until the City Council has approved them.

FINANCIAL INFORMATION

The average year over year financial impact associated with the proposed contract ranges from approximately \$55.9 million to \$111.8 million. Assumptions are based on Cost-of-Living Adjustment (COLA) floor of 2.5 percent (2.5%) and ceiling of 5.5 percent (5.5%), which are based on Consumer Price Index (CPI), overtime, salary adjustments, and other identified miscellaneous new MOU provisions.

BACKGROUND

The following is a summary of MOU Amendments recommended for approval:

Salaries

1. Four-year term from October 1, 2022, through September 30, 2026.
2. Effective October 1, 2022, COLA based on CPI*
3. Effective October 1, 2023, COLA based on CPI*
4. Effective October 1, 2024, COLA based on CPI*
5. Effective October 1, 2025, COLA based on CPI*

*Salary ranges shall be increased by a percentage equal to the percentage increase in the CPI for Urban Wage Earners and Clerical Workers as measured from August of the prior year to August of the current year for United States City Average (1982-84=100); provided, however, that if the CPI increases less than or equal to two and one-half percent (2.5%), the salary ranges shall be increased by two and one half percent (2.5%), and if the CPI increases by five and one-half percent (5.5%) or more, the salary ranges shall be increased by five and one-half percent (5.5%).

6. One-Time Inflation Offset – effective December 1, 2022, each bargaining unit member will be paid a taxable lump sum cash payment of three percent (3%) of their annual salary, calculated using the employee's regular rate of pay.

7. Structural changes to Electric Distribution Mechanic (EDM): create one additional level of EDM.
8. Effective the first full pay period after October 1, 2022, a salary adjustment of fifteen percent (15.0%) will be added to the base pay for the class of EDM, Class Code 3879.
9. Effective the first full pay period after October 1, 2023, a salary adjustment of five percent (5.0%) will be added to the base pay for the class of EDM, Class Code 3879.
10. On the first Monday in August 2024, LADWP management will calculate the average percent increase in salaries (including base wage, longevity pay, per diem, meal allowances, and overtime) of the EDM or comparable classifications employed by Pacific Gas & Electric (PG&E), Sacramento Municipal Utility District (SMUD), Southern California Edison (SCE), outside line contractors, and San Diego Gas & Electric (SDG&E) (Calculation).

No later than the first Monday in September 2024, the Department will transmit the Calculation to the City Administrative Officer (CAO) for evaluation and presentation to the EERC for informational purposes.

The Board shall have the authority to increase the LADWP EDM salary by the lesser of (1) the difference between the Calculation and the LADWP EDM salary or (2) eight percent (8%). The Board shall not take action prior to presentation of the Calculation to the EERC.

11. On the first Monday in August 2025, LADWP management will calculate the average percent increase in salaries (including base wage, longevity pay, per diem, meal allowances, and overtime) of the EDM or comparable classifications employed by PG&E, SMUD, SCE, outside line contractors, and SDG&E (Calculation).

No later than the first Monday in September 2025, the Department will transmit the Calculation to the CAO for evaluation and presentation to the EERC for informational purposes.

The Board shall have the authority to increase the LADWP EDM salary by the lesser of (1) the difference between the Calculation and the LADWP EDM salary or (2) eight percent (8%). The Board shall not take action prior to presentation of the Calculation to the EERC.

12. Effective the first full pay period after October 1, 2022, a salary adjustment of four and one-half percent (4.5%) will be added to the base wage of Electrical Mechanic (EM), Class Code 3841.

13. Effective the first full pay period after October 1, 2023, a salary adjustment of four and one-half percent (4.5%) will be added to the base wage of EM, Class Code 3841.
14. Effective the first full pay period after October 1, 2024, a salary adjustment of four and one-half percent (4.5%) will be added to the base wage of EM, Class Code 3841.
15. Effective the first full pay period after October 1, 2025, a salary adjustment of four and one-half percent (4.5%) will be added to the base wage of EM, Class Code 3841.

MOU Provisions

16. Telecommuting – During the term of the MOU, the Parties will negotiate a telecommute policy for LADWP employees that incorporates the JLMC process for determining feasibility in each section using the EERC-approved draft telecommute policy as a starting point.
17. Training Premium – The existing training premium will be expanded to all IBEW bargaining units to provide a pensionable, two-level premium at five and one-half percent (5.5%) to employees who are assigned to develop and/or provide training on a full-time basis to the Customer Service Division Customer Service Representative New Hire Training Program or an approved 5.30 or other structured, bona fide training program.
18. Revision of Overtime Provisions: For bargaining units Operating, Maintenance and Service Unit; Supervisory Blue Collar Unit; and Steam Plant and Water Supply Unit:
 - All overtime will be paid at the double-time rate.
 - Scheduled overtime before normal shift less than 8 hours will be paid at the double-time rate and the entire normal shift immediately following will be paid at the regular shift rate.
 - Unscheduled overtime (call-outs) before normal shift totaling four hours or more will be paid at the double-time rate and the entire normal shift immediately following will remain at the double-time rate.
 - Unscheduled overtime (call-outs) before normal shift less than four hours will be paid at the double-time rate and the entire normal shift immediately following will be paid the regular rate.

- All overtime accumulated as time off shall be accrued at the double-time rate. Any normal shift that results in being paid at the double-time rate due to before normal shift work cannot be accumulated time and can only be taken as paid time.
19. Meal Penalty – overtime meal penalty is increased to \$25.
20. Retiree Health – Two-party coverage: provide each IBEW-represented employee enrolled in Water and Power Employee Retirement Plan (WPERP), Tier 2, two-party healthcare subsidy with LADWP Qualifying Service. Provides for Kaiser coverage outside of Southern California.

MOU Amendments to Retirement Plan

21. IBEW Sponsored Retirement Savings Fund – IBEW, Local 18, and LADWP will establish an IBEW sponsored Retirement Savings Fund (Retirement Savings Fund) on behalf of IBEW-represented employees who are employed by LADWP and who are members of the WPERP Tier 2. The following conditions shall apply.
- i. LADWP will contribute \$150 per month for each IBEW-represented employee who is enrolled in WPERP Tier 2 as a full member. Full membership begins after six (6) months of full-time employment at LADWP. LADWP shall make no contribution on behalf of employees who are enrolled in WPERP Tier 1.
 - ii. The agreement would require that all members of the covered class, Tier 2 Employees, receive a monthly contribution from the employer to the Retirement Savings Fund. Each employee will be auto-enrolled in an account that will receive the employer contribution. The contribution will be deposited into a default investment option if the employee does not choose one of the investment options available in the Retirement Savings Fund. The employee is not required to choose an investment option.

IBEW will determine the investment options that are available for the employees to choose in the Retirement Savings Fund, and LADWP will have no responsibility for those available investment options or the investments chosen by the employees
 - iii. The contribution per employee shall not increase during the MOU term.
 - iv. All contributions made by LADWP will sunset upon expiration of the MOU (in September 2026). Continuation of LADWP's contributions will require affirmative, mutual renegotiation in a successor MOU.

- v. The Retirement Savings Fund will be a bona fide retirement plan, administered by a third party, that includes standard provisions, including but not limited to, penalties for early withdrawal and employee portability.
- vi. LADWP's participation in the Retirement Savings Fund will be strictly limited to the negotiated contribution per month per WPERP Tier 2 employee. LADWP will not be responsible for the design or administration of the Retirement Savings Fund. LADWP will not be responsible for administrative fees or other costs, such as penalties for early withdrawal of funds, incurred by the plan or incurred as a cost of employees being members of the plan. IBEW will pay for any administrative or other costs incurred.
- vii. IBEW will indemnify and hold the City harmless from any and all liabilities that may potentially arise from the design of the Retirement Savings Fund (including the available investment options) and the administration of the Retirement Savings Fund, or as a result of penalties that individual Retirement Savings Fund participants may incur.
- viii. Department contributions will be deposited into each employee's personal Retirement Savings Fund accounts and shall be controlled by each employee. Enrolled employees shall maintain full control of their accounts and investments.
- ix. Retirement Savings Fund officers or board members employed by the LADWP will not be compensated in any manner to administer the trust or be on the board, including but not limited to drawing a salary or stipend.
- x. An annual audit will be conducted by the Third-Party Administrator (TPA) as part of the Form 5500 filing. This information is available to the public. Participants will receive quarterly statements as well as daily account values via the internet. The sponsor, IBEW, Local 18, will receive monthly general plan level reports from the TPA.
- xi. Contributions shall be made on a retroactive basis looking back one (1) month. An employee's account will be credited \$150 per month if the employee was compensated for at least 80 hours of work hours or work-related time, e.g., vacation, compensated family medical leave active payroll status, as opposed to on an unpaid leave of absence, for the month prior to the contribution.
- xii. LADWP will make no contributions for any employee who is on an unpaid leave of absence from the Department, whether personal or disability/workers compensation leave, that results in the employee being compensated for less than 80 hours in a month.

- xiii. Payments shall commence on a go-forward basis within no more than two (2) months after the Retirement Savings Fund has been legally established. There shall be no retroactive payments for the time period during which IBEW is creating the plan documents and structure.
- xiv. LADWP shall not be responsible for making any contribution if IBEW cannot establish a bona fide plan, whether legally or in the absence of an agreement to the terms contained herein, and as subsequently negotiated.
- xv. IBEW shall receive no direct financial benefit in the Retirement Savings Fund whether in the form of management fees or otherwise.

During the term of this MOU, in accordance with established practice, LADWP shall seek approval of the Board and the Board of Administration of the Water and Power Employees' Retirement Plan to adopt:

- 22. Permanent and Total Disability – Subject to adoption by the Board of Administration of the Water and Power Employees' Retirement Plan, if Permanent and Total Disability is equal to or greater than ten (10) years, then the employee's pension will equal forty percent (40%) of the highest one year of average salary, effective January 1, 2022.
- 23. Family Death Benefit – Individual \$937; Family \$2,187.

ENVIRONMENTAL DETERMINATION

Determine item is exempt pursuant to California Environmental Quality Act (CEQA) Guideline 15060(c)(3). In accordance with this section, an activity is not subject to CEQA if it does not meet the definition of a project. Section 15378(b)(5) states that organizational or administrative activities that will not result in direct or indirect physical changes in the environment do not meet that definition. Therefore, approval of the MOU with the IBEW, Local 18 is not an action subject to CEQA.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Resolution as to form and legality.

ATTACHMENT

- Resolution