

JUN 23 2011

**AMENDMENT TO THE  
MEMORANDUM OF UNDERSTANDING  
BETWEEN  
CITY OF CHANDLER  
AND  
SERVICE EMPLOYEES INTERNATIONAL UNION (SEIU), LOCAL 5**

Effective July 1, 2011

**WHEREAS**, the FY2010 - FY2013 Memorandum of Understanding ("MOU") between the City of Chandler ("City") and the Service Employees International Union, Local 5 ("SEIU") (collectively "the Parties") commenced on July 1, 2010, and does not terminate until June 30, 2013.

**WHEREAS**, the MOU contains a provision requiring a wage reopener for the second and third years of the MOU.

**WHEREAS**, the Parties have engaged in meet and confer discussions pursuant to the wage reopener for FY 2011/12.

**NOW, THEREFORE**, as a result of the wage reopener, the MOU shall be amended to MODIFY Section 3-1 (A), Wages; Section 3-1 (B), Shift Differential; Section 3-1 (D), Merit Pay; Section 3-3, Overtime; Section 4-7 (A)(3), Tuition Reimbursement; and to ADD Section 3-6, Fiscal Crisis, as set forth below.

**ARTICLE III – WAGES & COMPENSATION**

**Section 3-1: Wages**

**A. Wages**

1. Effective July 5, 2009, rates of pay were decreased by 0.95% for merit eligible employees only. All classification salary ranges were reduced by 0.95% as of July 5, 2009. Employees at the top of the then-existing range were redlined above the new reduced maximum until the top of the range reaches their wage rate.

This issue will be discussed in the wage reopener in the second and third years of the MOU.

2. Effective July 3, 2011, salary ranges for all classifications will be increased by two and one quarter percent (2.25%). Rates of pay for unit members shall be increased by 2.25% or the amount that brings the unit member's redlined (i.e., above the range) pay rate to the new top of the pay range for the unit member's job classification, whichever amount is lower.

3. Unit members who were redlined above the pay range in accordance with Section 3-1(A)(1) of this MOU and accordingly will receive less than the full 2.25% wage increase as described in Section 3-1(A)(2) of this MOU, will receive a one-time payment representing the difference between a 2.25% pay rate increase and the actual pay rate increase the unit member will receive to bring the member's pay rate to the new top of the pay range. This one-time payment will be determined by calculating the annualized value of the 2.25% increase of the unit members' actual pay rate as of July 3, 2011, less the annualized amount of the actual increase the unit members received to bring them to the top of the new pay range. The difference will be paid in one lump sum in the pay period effective July 17, 2011.

4. Both parties agree to discuss the allocation of the remaining \$137,000 of on-going funds in year three of this MOU.

#### **B. Shift Differential**

Effective 7/1/11, a shift is defined as the number of regularly scheduled hours for one work day. Shift differential is only paid for regularly scheduled shift hours.

Effective 7/8/07, the differential rate of pay for employees working shifts that end:

- From 8:00 p.m. to 11:59 p.m. shall be an additional \$0.30 per hour
- From 12:00 a.m. to 3:59 a.m. shall be paid an additional \$0.50 per hour
- From 4:00 a.m. to 7:59 a.m. shall be paid an additional \$0.70 per hour

Effective 7/8/07, the differential rate of pay for employees working shifts that begin:

- From 11:00 p.m. to 3:00 a.m. shall be paid an additional \$0.70 per hour.

An employee is eligible for no more than one shift differential per shift.

#### **D. Merit Pay**

1. The City will continue current practice of up to 5% on-going merit increase, applied on the date of the unit members' current job classification paid on the first pay date following the date of the unit member's current job classification, until the unit member is at the top of his pay grade.
2. Funds were not allocated for merit pay in the City budget for FY 10/11. Merit pay will be an item of discussion as part of the wage reopener in the second and third year of the MOU.
3. As part of the wage reopener in the second year, for FY 11/12, the City made funds available in an amount equivalent to a 5% on-going merit increase that was allocated to an across-the-board pay rate increase pursuant to Section 3-1 (A) of this MOU.
4. Merit pay will be an item of discussion as part of the wage reopener in the third year of the MOU.

### **Section 3-3: OVERTIME**

- A. Effective 7/1/11, overtime is defined as time worked in addition to regularly scheduled hours of work in one work period in excess of 40 hours per 7-day work period for all classes of non-exempt full time unit members. All paid leave taken in lieu of hours worked, except leave taken as compensatory time, shall be counted as hours worked for purposes of overtime calculations. Payment for hours worked on a holiday, as part of the regularly scheduled hours of work, shall be compensated as provided by this rule.
- B. Current A becomes B
- C. B becomes C
- D. C becomes D

### **Section 3-6: FISCAL CRISIS**

- A. If the State of Arizona takes any action that has the direct or indirect effect of reducing the City's state shared revenues, or the City's General Fund revenue or tax base for FY 2011-12 by an amount greater than \$2.1 million, the Mayor and City Council, at a City Council meeting which includes an agenda item for the particular purpose, may direct Article 3 of this Memorandum of Understanding to be reopened for renegotiation by the parties of the economic terms contained therein. The Mayor and Council may provide general or specific directions regarding the purpose of the reopening.

City Management and the Employee Organization shall meet and confer in good faith for a period of no more than thirty (30) calendar days from the date the City Council directs the reopening of the MOU, in an effort to reach agreement on how best to address the anticipated budget shortfall in order to eliminate the need for layoffs, significant reductions of pay or benefits, or a significant reduction of services provided by the City. The scope of the reopened meet and confer discussions shall be solely limited to those items included in Article 3 of the MOU.

Recommended modifications to the MOU shall be submitted to the Mayor and Council at the next scheduled Council meeting following the 30-calendar day meet and confer period. The Mayor and Council may accept, reject, or modify the proposed modifications. The Employee Organization shall have an opportunity to address the Council prior to any Council action on the proposed modifications.

If the parties are unable to reach an agreement on modifications of the MOU within the 30-day meet and confer period established by this provision, the City Manager or designee or the representative of the Employee Organization may initiate a request to the City Council to refer the matter to mediation for a period not to exceed two (2) business days.

If the parties are unable to reach an agreement on the disputed issues through mediation, the issues will be submitted directly to City Council at the next scheduled Council meeting, which shall accept, reject, or modify any agreed upon modifications and shall take whatever action they deem appropriate with regard to any areas of dispute consistent with the City

Code and Charter. The determinations and actions of the City Council shall be final and binding on the parties.

B. Unit members shall receive a one-time payment that constitutes the prorated share in total dollars by which actual General Fund operating revenues exceed adopted General Fund operating revenues in FY 2011-12 multiplied by the percentage of total unit members' wages and benefits to total General Fund operating expenditures in the adopted FY 2011-12 budget. Operating revenues exclude fund balance and interfund transfers. Payments shall be made to unit members in the second payroll following the close of the City's financial records for the fiscal year.

Payment shall be determined by dividing the total funds allocated to represented unit members by the number of unit members. To be eligible, a unit member must be a City employee as of June 30, 2012.

**Section 4-7: TUITION REIMBURSEMENT**

A. ...

3. The maximum reimbursement allowed per tax year is a total of \$3,200.00. The date of reimbursement will determine to which tax year the cost will be charged. If the employee completes courses, which exceed the maximum allowable reimbursement, the employee shall be responsible for the payment of the balance.

...

Except as set forth herein, all other terms and conditions of the Parties' MOU shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment to the MOU this \_\_\_ day of \_\_\_\_\_, 2011, to become effective, upon approval by the Mayor and City Council, on July 1, 2011, or as set forth herein.

CITY OF CHANDLER:

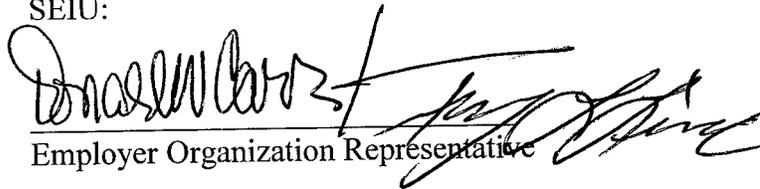
\_\_\_\_\_  
Mayor

Attest: \_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
City Attorney

SEIU:

  
Employer Organization Representative



**Chandler Arizona**  
*Where Values Make The Difference*

#17  
JUN 23 2011

Chandler



2010

## MEMORANDUM

**DATE:** June 23, 2011  
**TO:** Mayor and Council  
**THRU:** Rich Dlugas, City Manager RD  
**FROM:** Debra Stapleton, Human Resources Director JAS  
**SUBJECT:** SEIU Local 5 Memorandum of Understanding

**RECOMMENDATION:** Approve July 1, 2011 amendment of the SEIU Local 5 Memorandum of Understanding (July 1, 2010 – June 30, 2013).

### BACKGROUND:

At the direction of Council, management and SEIU reconvened negotiations on June 13, 2011 after SEIU withdrew their initial impasse. We are pleased to report that, through a collaborative effort, we have reached an agreement regarding the wage reopener for FY 11-12.

**DISCUSSION/RECOMMENDATION:** The July 1, 2011 amendment outlines the following substantive changes:

- Increase pay for unit members by 2.25% or to the top of the pay range, whichever amount is lower
- Revise tuition reimbursement to change program from fiscal to annual
- Add fiscal crisis and reverse fiscal crisis language
- Add definition of shift
- Update the merit language to reflect FY 11/12
- Provide one-time payment to employees whose current pay rate is over the top of the pay range due to the FY 09/10 reduction of .95%.

Employees that were outside the pay range as a result of the pay range reduction in FY 09/10, will not receive the full 2.25% on-going pay increase because their current pay rates are above the current pay range. The one-time payment included in the MOU represents the difference between a 2.25% pay rate increase and the actual pay increase the employee will receive to bring the employee's pay rate to the top of the new pay range. This requires the one-time use of \$137,000 of on-going funds that were available to SEIU this fiscal year. Both parties agreed to discuss the allocation of the \$137,000 as on-going funds in year three of the MOU.

The City and SEIU request approval of the Memorandum of Understanding.

**MOTION:**

Approve July 1, 2011 amendment of the SEIU Local 5 Memorandum of Understanding (July 1, 2010 – June 30, 2013).

Copy: Terry Linck, SEIU President  
Ken Prendergast, SEIU International Bargaining Chairperson

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CITY OF CHANDLER:

SEIU:

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Employer Organization Representative

Attest: \_\_\_\_\_  
City Clerk

Approved as to form:

\_\_\_\_\_  
City Attorney