



MEMORANDUM OF UNDERSTANDING

Between

CITY OF CORNING

And

**THE CITY OF CORNING
MANAGEMENT ASSOCIATION**

For

Management Employees

Effective:

January 1, 2017 – December 31, 2019

**Agreement February 24, 2017
Ratified by City Council March 14, 2017**

THIS MEMORANDUM OF UNDERSTANDING is made and entered into between the **MANAGEMENT ASSOCIATION**, hereinafter referred to as "**Association**", and the designated representatives of the **CITY OF CORNING**, hereinafter referred to as the "**City**", pursuant to the provisions of the Meyers-Milias-Brown Act (Government Code Sections 3500, et seq.).

**ARTICLE 1
GENERAL PROVISIONS – DEFINITIONS**

- 1.1 A. Employer: The term "Employer", as used herein, shall refer to the City of Corning.
- B. Association: The term "Association", as used herein, shall refer to the City of Corning Management Association.
- C. Employee: The term "Employee", as used herein, shall mean all Employees of the Management Unit as designated under the provisions of the Employee Relations Policy of the City of Corning.
- D. Employee Anniversary Date: The term "employment anniversary date", as used herein, shall mean the anniversary date of the employee's employment with the City.
- E. Step Anniversary Date: The term "step anniversary date", as used herein, shall mean the date upon which an employee has finished serving the requisite amount of time in order to be eligible for a salary step increase. A new time period for such requisite service shall commence upon the occurrence of any of the following events: promotion; reclassification; implementation of a Memorandum of Understanding provision, or Side Letter of Understanding specifying a movement into a new step or an increase in the rate paid for the step currently held by the employee.

**ARTICLE 2
RECOGNITION**

2.1 The Employer hereby recognizes the Association as the only organization entitled to meet and confer on matters within the scope of representation.

**ARTICLE 3
HIRING PROVISIONS**

- 3.1 No Employee covered by this Memorandum of Understanding shall be discriminated against by the Employer, or by the Association, by reason of race, color, religion, sex, age or national origin.
- 3.2 The Employer shall not discharge, or otherwise discriminate against any employee by reason of Association activities not interfering with the proper performance of his work.

**ARTICLE 4
MANAGEMENT RIGHTS**

- 4.1 The Employer retains the exclusive right to manage the City. All the rights, powers, functions and authority of the Employer, which it had prior to the time the Association became certified as representative of the Employees of the Employer, and which are not limited or modified by specific provisions of the Memorandum are retained by the Employer. The Employer specifically retains the right to manage and supervise its Employees as follows:
- (1) To hire, promote, transfer, assign, classify positions, retain employees, and to suspend, demote, discharge or take other disciplinary action against employees.
 - (2) To lay-off or demote employees from duties because of lack of work, lack of funds, in the interest of economy, or other legitimate reasons.

(3) To determine the policies, standards, procedures, methods, means and personnel by which City operations are to be conducted.

(4) To take whatever actions may be necessary to carry out the City in situations of emergency.

(5) To limit or prohibit the right of Employees in certain positions or classes of positions from forming, joining, or participating in employee organizations as provided in the California Government Code, and designating such employees in the current Schedule of Department and Authorized Positions adopted by resolution.

(6) Nothing in this policy shall be construed to interfere with the City's right to manage its operations in the most economical and efficient manner consistent with the best interests of all citizens, taxpayers, and employees of the City.

ARTICLE 5 ASSOCIATION RIGHTS

5.1 The Association recognizes its obligation to cooperate with the Employer to assure maximum service of the highest quality and efficiency to the citizens of the City of Corning consistent with its obligations to the Employees it represents.

5.2 Employer and Association affirm the principle that harmonious employer-employee relations are to be promoted and furthered. When a person is hired in any of the covered job classifications, the City shall notify that person that the Association is the certified representative for the Employees and shall notify the Association of such hiring.

5.3 The Employer shall provide the Association space to erect a bulletin board in each area where Employees covered by this Memorandum are assigned.

5.4 Association President shall have access to any Employee or Employees presenting a grievance; and Employees have the right to have the Association represent the Employee at all stages of disciplinary action.

ARTICLE 6 PEACEFUL PERFORMANCE

6.1 The parties to this Memorandum of Understanding recognize and acknowledge that the services performed by the City Employees covered by this Memorandum of Understanding are essential to the public health, safety and general welfare of the residents of the City of Corning. The Association agrees that under no circumstances will the Association recommend, encourage, cause or permit its members to initiate, participate in, nor will any member of the bargaining unit take part in, any strike, sit-down, stay-in, sick-out, slow-down or picketing (hereinafter collectively referred to as work-stoppage), in any office or department of the City, nor to curtail any work or restrict any production, or interfere with any operation of the City. In the event of any such work stoppage by any member of the bargaining unit, the City shall not be required to negotiate on the merits of any dispute, which may have given rise to such work stoppage until said work stoppage has ceased.

6.2 In the event of any work stoppage during the term of this Memorandum of Understanding, whether by the Association or by any member of the bargaining unit, the Association, by its officers, shall immediately declare in writing and publicize that such action is illegal and unauthorized, and further direct its members in writing to cease the said conduct and resume work. Copies of such written notice shall be served upon the City. If in the event of any work stoppage, the Association promptly and in good faith, performs the obligations of this paragraph, and providing the Association has not otherwise authorized, permitted or encouraged such work stoppage, the Association shall not be liable for any damages caused by the violation of this provision. However, the City shall have the right to discipline, including discharge, any

THE CITY OF CORNING IS AN EQUAL OPPORTUNITY PROVIDER AND EMPLOYER

employee who instigates, participates in, or gives leadership to, any work stoppage activity herein prohibited, and the City shall also have the right to seek full legal redress including damages, as against any such employee.

ARTICLE 7 PAYMENTS

7.1 This Memorandum is intended to cover all aspects of wages, hours, and working conditions for Employees covered herein; therefore, nothing in this Memorandum shall prevent the Employer from modifying any fringe benefits or benefit plans not specifically provided for in this Memorandum such as retirement plans, salary continuation plans, etc., subject to meet and confer.

7.2 If an Employee covered by this Memorandum is permanently assigned work of a substantially new or different nature so as to constitute a new job classification, the Employer and the Association shall determine the wage rate through the established procedures.

ARTICLE 8 PREVAILING RIGHTS

8.1 This Memorandum of Understanding contains all of the covenants, stipulations and provisions agreed upon by the parties. It is understood that all items relating to Employees' wages, hours, and other terms and conditions of employment not covered in this Memorandum of Understanding shall remain the same, except as specifically mentioned in this Memorandum of Understanding; therefore, for the life of this Memorandum of Understanding, neither party shall be compelled to bargain with the other concerning any mandatory bargaining issues, whether specifically bargained about prior to the execution of this Memorandum of Understanding or which may have been omitted in the bargaining which led up to the execution of this Memorandum of Understanding, except by mutual agreement of the parties or as specifically mentioned in this Memorandum of Understanding.

ARTICLE 9 CLASSIFICATIONS AND WAGES

9.1 (A) Wage Increase:

a.) Wages: Article 9.1(A) and Retirement: Article 26

The City agrees to increase the base wages of all members of the Bargaining Unit who are Miscellaneous Members of the CalPERS Retirement System by three and one-half percent (3½%) effective the start of the first pay period in 2017 following City Council ratification of the Memorandum of Understanding (MOU). The City further agrees to utilize IRS Code 414(h)2, making these payments with pre-taxed dollars.

b.) Wages: Article 9.1(A) and Retirement: Article 26

The City agrees to increase the base wages of all members of the Bargaining Unit who are Safety Members of the CalPERS Retirement System by five and one-half percent (5½%) effective the start of the first pay period in 2017 following City Council ratification of the Memorandum of Understanding (MOU). The City further agrees to utilize IRS Code 414(h)2, making these payments with pre-taxed dollars.

c.) A one and a half (1.5%) increase to base wages for all members of the Bargaining Unit effective the first pay period in July 2017;

d.) A one and a half (1.5%) increase to base wages for all members of the Bargaining Unit effective the first pay period in July 2018; and

e.) A one and a half (1.5%) increase to base wages for all members of the Bargaining Unit effective the first pay period in July 2019.

(B) For the period of this agreement, Employees will be paid in accordance with the monthly salary schedule and effective dates as shown in Exhibit "A". Employees will be eligible for step increases on their step anniversary dates. Employees may advance to the next step in the pay schedule upon satisfactory completion of the required time in the lower step. The time required between step A and B shall be (6) six months. Advancement from step B to C, C to D and D to E shall be (12) twelve months between each step.

ARTICLE 10 HEALTH AND WELFARE INSURANCE

10.1 Currently the City offers a choice of four (4) Health and Safety Insurance Policies; (1) Operating Engineers Public Employees' Health and Welfare Plan; and (3) different tier Blue Shield Health Savings Account Plans. All Employees and their eligible dependents may participate in the Plans, with the City contributing to the cost of such plans up to **\$1,284.91** per month towards the rate. The employee shall pay any remaining costs of insurance.

Future increases shall continue to be divided equally between the City and the employees.

10.2 The City shall pay the fee for Employees who are not members of the Operating Engineers Local No. 3 Union in order to participate in the Union's Health and Welfare Plan.

10.3 The City shall provide life insurance in the amount of one hundred thousand dollars (\$100,000) effective the first pay period in 2016 following City Council approval of the Memorandum of Understanding (MOU) and will continue to pay the life and disability insurance premiums.

10.4 The City shall have the option of replacing the Operating Engineers Public Employees Health and Welfare Plan with a plan of the City's choosing. If the City exercises this option, the City shall maintain coverage that is comparable and substantially equivalent to that provided currently under the present plan.

ARTICLE 11 ADMINISTRATIVE LEAVE

11.1 The City agrees to increase Administrative Leave from ninety hours (90) to one hundred hours (100) per year effective the start of the first pay period in 2017 following City Council ratification of the Memorandum of Understanding (MOU).

11.2 Administrative Leave time may be carried into the following year, but at no time can it exceed one hundred fifty (150) hours.

11.3 Administrative Leave in excess of one hundred fifty (150) hours shall be paid.

11.4 Employees shall be allowed to convert up to fifty (50%) percent of Administrative Leave hours each fiscal year to paid days. Department heads shall plan for such conversion in their annual budget proposals.

11.5 Unused Administrative Leave shall be paid upon termination.

ARTICLE 12 457 DEFERRED COMPENSATION PLAN

12.1 The City agrees to match employee's contribution to their 457 Deferred Compensation Plan up to \$60 per month effective the start of the first pay period in 2017 following City Council ratification of the MOU. The City match is only available for one (1) Deferred Compensation Plan even if employees are enrolled in more than one (1) Plan. Employees must commit to maintain their 457 contribution for one full year.

ARTICLE 13 SICK LEAVE

13.1 Sick leave is available to an employee to use in case of illness, bodily injury, exposure to a contagious disease, medical or dental appointment or attendance upon seriously ill member of employee's immediate family, as defined by these rules. An employee may take paid sick leave after the first month of employment. Every effort by the employee shall be made to schedule appointments during non-work hours.

13.2 Sick leave with pay shall be granted to all Employees. Sick leave shall be accumulated at the rate of one (1) day per calendar month of service, not to exceed a total accumulation of two hundred forty (240) days. An employee with 20 years service to the City will be allowed unlimited sick leave accrual above the 240-day cap only for the exclusive purpose of converting to pre-paid health insurance after retirement.

13.3 Family Leave: Family Leave shall be administered in accordance with applicable State and Federal Law.

13.4 Bereavement Leave: In the event of a death in the immediate family, the Employee may take off up to four (4) days. The immediate family shall be defined as husband, wife, child, mother, father, brother, sister, grandparents and grandchildren. Such leave shall be charged to sick leave. **Effective the start of the first pay period in 2017 following ratification of the MOU, the City agrees to not charge Bereavement Leave to Sick Leave.**

13.5 Employees who have less than thirty-six (36) days of sick leave accumulated may, in lieu of taking vacation, bank said vacation time under sick leave.

13.6 On-The-Job Injuries: When an employee is off work as a result of a valid on-the-job injury sustained in the service of the City, the employee is entitled to use their accrued Sick Leave during the period of disability to make up the difference between their regular pay and the Workers Compensation Temporary Disability Payments. The City shall pay only that amount necessary to make up the difference between the employee's monthly rate and the amount payable to the employee as temporary disability payments from the Worker's Compensation Insurance Plan of the City. To take advantage of this benefit, the employee must forward their temporary disability check to the City.

13.7 The City may require verification of the necessity for sick leave. Such verification may be in the form of a written statement from a doctor or a personal affidavit from the Employee. The City reserves the right to specify which of the two verification procedures will be required in any particular situation. If the City requires verification from a physician, the City shall pay for the cost of such verification to the extent such cost is not reimbursed by the Employee's health insurance.

13.8 If the City determines that an Employee has abused the provisions of the sick leave policy, the Employee shall be subject to disciplinary action.

13.9 Sick Leave Credit Upon Retirement: The Employer agrees to pay fifty percent (50%) of Employee's unused accumulated sick leave upon retirement or death. Upon reduction in force, the City shall pay twenty-five percent (25%) of Employee's unused accumulated sick leave.

13.10 Sick Leave Conversion Upon Retirement: In lieu of a cash out of sick leave, an employee, upon retirement under PERS, may choose as an option to convert a percentage of the dollar value of the sick leave at the employee's current hourly base rate of pay as of the date of retirement, to pay the pre-paid health insurance premium up for a period of time up to age 65 according to the following conversion plan.

<u>Employee's years of service with City</u>	<u>Percentage value of employee's accrued Sick Leave</u>
Through 15 years	50%
16 through 19 years	70%
20 or more years	80%

(a) Following is the procedure to account for the percentage value of converted sick leave. At the written request of the retiring employee, the City Staff will compute the dollar value of the accrued sick leave according to the percentages shown above and maintain an accounting in the employee's name deducting the amount of monthly City health insurance premium from the "balance".

(b) The value of sick leave does not accrue in a cash fund for each employee, therefore no actual funds are held in trust. The City simply agrees to pay the retiree's premium for a period of time until the balance value of the conversion is depleted.

(c) Should a retired employee want to stop their insurance premium payments under the Section, the employee must notify the City Manager in writing, giving the date payments should end, and City Staff will do an accounting of the percent (50%) value provided for in the sick leave payoff provisions of this MOU and the actual dollar amount already paid out. Should this amount still be less than the fifty percent provided for in Section 17.2, the balance will be paid to the employee.

(d) Should a retired employee die prior to fully using this benefit, any dependents covered under the health insurance may, if permitted to continue insurance coverage by the insurance carrier, receive the continuation of this benefit until fully expended. The benefit shall have no cash value to the employee's estate nor can the City accept any claim for payoff by heirs.

(e) Employees not choosing to remain in the City's offered health plan may utilize the benefits set out in these sections to be applied to the cost of a private health plan. The retired employee will be reimbursed, on a quarter year basis, such amounts as provided in these sections, upon submission of a written claim and proof of a paid premium by the retired employee. The form, manner of claim and proof, will be as prescribed by the City.

**ARTICLE 14
UNIFORM ALLOWANCE**

14.1 The City agrees to furnish, at no cost to the Employees, necessary foul weather gear and safety items required and determined by the City. In addition, thereto, the Employer may furnish two (2) coveralls per week to each Employee desiring coveralls. Upon City determination, the City agrees to provide either short or long sleeve safety shirts, rubber boots, safety boots and gloves.

14.2 The City shall provide a Uniform Allowance of \$900 per year to the Police Chief and \$300 per year for the Fire Chief.

**ARTICLE 15
HOLIDAYS AND HOLIDAY PAY**

15.1 **The City agrees to add the Martin Luther King, Jr. birthday as a paid holiday effective January 15, 2018.** The employees shall receive the following scheduled eleven holidays off with pay:

- New Year's Day
- Martin Luther King, Jr. Day**
- President's Day
- Memorial Day
- Independence Day

THE CITY OF CORNING IS AN EQUAL OPPORTUNITY PROVIDER AND EMPLOYER

Labor Day
Veteran's Day
Thanksgiving Day
Post Thanksgiving Day
Christmas Eve Day
Christmas Day

In addition to the scheduled holidays above, each employee shall be credited with 14 hours of floating holidays on January 1, and July 1 of each year. Floating holidays shall be taken in the calendar year credited, at a time and manner mutually agreed to by the employee and the Department Head.

15.2 An Employee who is regularly scheduled to work on a holiday shall be granted a day off at a time mutually agreeable to the Employee and the Employer.

15.3 If a holiday falls on an Employee's day off, the Employer shall compensate the Employee by either eight (8) hours compensatory time off, or eight (8) hours straight-time pay, at the Employee's option.

15.4 The Veteran's Day Holiday which falls in November will be celebrated on the nearest Monday or Friday, which will create a three-day weekend. The Christmas Eve holiday will be celebrated either on Christmas Eve or the day after Christmas, whichever will create a four-day weekend.

ARTICLE 16 RETIREMENT

16.1 For existing Management Employees, the City provides retirement benefits under a contract with the California Public Employee Retirement System (PERS) as follows:

16.2 The City confirms that all current PERS Tier 1 Management Unit Miscellaneous Members are in the 2% at 55 Retirement Formula and:

- a.) Bargaining Unit members agree to pick up an additional three and one-half percent (3½%) of the employee share of the CalPERS pension payment for a total of seven percent (7%) of retirement costs effective the start of the first pay period in 2017 following City Council ratification of the Memorandum of Understanding (MOU).
- b.) The City further agrees to utilize IRS Code 414(h)2, making these payments with pre-taxed dollars.

16.3 The City confirms that all current PERS Tier 1 Management Unit Safety Members are in the 3% at 50 Retirement Formula and:

- a.) Bargaining Unit Members agree to pick up an additional five and one half percent (5½%) of employee share of the CalPERS pension payment for a total of nine percent (9%) of retirement costs effective the start of the first pay period in 2017 following City Council ratification of the Memorandum of Understanding (MOU).
- b.) The City further agrees to utilize IRS Code 414(h)2, making these payments with pre-taxed dollars.

16.4 The City and the Association agreed to implementation of a PERS Tier 2 Retirement formula which the City Council approved via MOU on December 13, 2011.

- (a) For PERS Miscellaneous Members the City will provide the 2% at 60 formula with three (3) year average salary, and

- (1) The City and the City of Corning Management Association (Miscellaneous) Bargaining Unit Members agree to the deferral of PERS EPMC pickup of an additional one and one half percent (1.5%) effective the first pay period in July 2016. The total employee share of retirement pickup would then be 7% of the 7% employee's share of retirement costs.
- (b) For PERS Safety Members the City will provide the 3% at 55 formula with three (3) year average salary, and
 - (1) The City and the City of Corning Management Association (Safety) Bargaining Unit Members agree to the deferral of PERS EPMC pickup of an additional one and one half percent (1.5%) effective the first pay period in July 2016. The total employee share of retirement pickup would then be 8% of the 9% employee's share of retirement costs.

16.5 Employees hired on or after January 1, 2013, who are not eligible for reciprocity or are not current CalPERS members without a break in service greater than six (6) months, shall participate in legislatively mandated CalPERS contributions and retirement benefit formula plans established by AB340, the "Public Employees' Pension Reform Act of 2013". This legislation is administered/interpreted by the California Public Employees Retirement System (CalPERS). New employee members shall have the following retirement benefit formulas and contribution rates:

- a. For PERS Miscellaneous Members 2% @ 62, 3 year final compensation as defined by PERS.
- b. Member contribution rate is 6.25%.
- c. The member contribution rate is expected to remain unchanged until July 1, 2015.
- d. For PERS Safety members 2.7% @ 57, 3 year final compensation as defined by PERS.
- e. Member contribution rate is 11.50%.
- f. The member contribution rate is expected to remain unchanged until July 1, 2015.

The current Miscellaneous Member contribution rate is 6.25%. CalPERS may change this rate following actuarial review during the term of the MOU.

The current Safety Member contribution rate is 11.5%. CalPERS may change this rate following actuarial review during the term of the MOU.

ARTICLE 17 VACATION

17.1 Employees shall earn vacation according to the following:

- (a) Employees shall earn vacation with pay at the rate of one hundred twenty (120) hours per year after one (1) year and during the first seven (7) years of City employment.
- (b) Employees shall earn vacation with pay at the rate of one hundred sixty (160) hours per year after completion of seven (7) years of City employment.
- (c) Employees shall earn vacation with pay at the rate of two hundred (200) hours per year after twelve (12) years of City employment.
- (d) The maximum number of vacation hours employees may carry over or have in a vacation account at the start of each new calendar year is one hundred fifty (150) hours.
- (e) Employees who have more than one hundred fifty (150) hours in their vacation account will have the excess vacation time paid off at the close of each calendar year.

17.2 The Employee shall have the option of converting up to fifty percent (50%) of unpaid accumulated vacation to cash payment in lieu of taking vacation. Employees may exercise the payoff option only one (1) time per fiscal year with five (5) working days notice to payroll.

ARTICLE 18 PROBATION PERIOD AND EVALUATION

18.1 All Employee evaluations should be made by the City Manager or the Employee's Department Head when applicable. The City reserves the right to conduct formal evaluation summaries every six (6) months. Nothing contained herein should be construed to limit the right of the City to continually monitor and assess Employee performance and provide feedback to the Employee regarding the Employee's performance.

18.2 All new, promoted, and reclassified Employees are on probation for six (6) months except Safety Employees who shall serve a one (1) year probation period. Current City Employees accepting a promotion to a higher classification retain the right to return to their former classification if the City determines they are unable to satisfy the requirements of the new classification.

18.3 Management employees will be eligible for seniority performance incentive pay increase under the following conditions:

(a) An annual performance evaluation will be required to receive and maintain a seniority performance pay increase.

(b) The performance evaluation will be made 30 days before the employee's anniversary date, by the City Manager each year.

(c) **Effective the first pay period in 2017 following City Council ratification of the MOU**, approved employees will receive a performance incentive pay increase to be added to their base salary rate as follows:

A. 3% after 10 years, effective first pay period after anniversary date.

B. 6% after 15 years, effective first pay period after anniversary date, (not to be compounded with 3%).

(d) This plan will be implemented for all eligible, 30 days after ratification of MOU, to allow for an initial evaluation increase to be effective the first pay period following the 30-day period. Such increase will remain in effect to the employee's next anniversary date prior to which time a reevaluation is required.

ARTICLE 19 SAVINGS CLAUSE

19.1 If any Article section, subsection, paragraph, sentence, clause or phrase of this Memorandum of Understanding shall, for any reason, be held to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portion of the Memorandum, it being expressly provided that this Memorandum and each Article section, subsection, paragraph, sentence, clause or phrase hereof would have been adopted irrespective of the fact that any one or more articles, sections, subsections, paragraphs, sentences, clauses or phrases shall be declared invalid or unconstitutional.

ARTICLE 20 TERM OF AGREEMENT

20.1 This Memorandum of Understanding shall be effective January 1, 2017 upon adoption by the City Council of the City of Corning and shall remain in effect until December 31, 2019.

THE CITY OF CORNING IS AN EQUAL OPPORTUNITY PROVIDER AND EMPLOYER

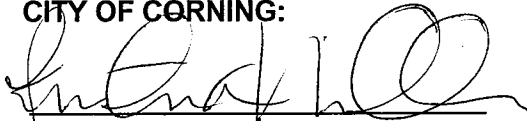
20.2 This Memorandum of Understanding may be extended by mutual agreement of the parties if additional time is required to consummate a new Memorandum.

**ARTICLE 21
TAKE-HOME VEHICLES**

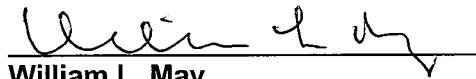
21.1 Effective the start of the first pay period following City Council ratification of the MOU the City agrees to allow the Police Chief and Fire Chief to take-home vehicles within a fifteen mile radius of City Hall.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Understanding this 14th day of March 2017.

CITY OF CORNING:




Kristina Miller,
City Manager

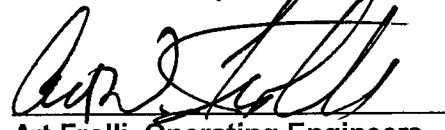


William L. May,
Chief Negotiator

MANAGEMENT ASSOCIATION:



Martin Spannaus,
Association Representative



Art Froli, Operating Engineers
Business Representative

Ratified by the Corning City Council on March 14, 2017