

DATE: February 10, 2009  
TO: Mayor and City Council Members  
FROM: Human Resources

**SUBJECT: RESOLUTION NO. 8450 – A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF FOLSOM AND THE INTERNATIONAL UNION OF OPERATING ENGINEERS, LOCAL 39**

**BACKGROUND/ISSUE**

On January 27, 2009 the City Council approved the 18-month budget first proposed to them on January 13<sup>th</sup>. The budget is the product of a modified zero-based budgeting approach, with all departments participating in a comprehensive, program-by-program fiscal review. The budget is balanced through June 30, 2011, and maintains a prudent reserve fund. A prudent reserve fund is particularly critical in current volatile economic conditions.

The budget included the elimination of approximately 55 City positions (approximately 39 currently occupied). In light of the layoffs associated with the budget, the members of International Union of Operating Engineers, Local 39 (hereinafter referred to as "Local 39") voted on a MOU reform package. On Wednesday January 28<sup>th</sup>, Local 39 overwhelmingly voted in favor of the base proposal, which involved deferring the January 2009 COLA (2.5%) and waiving all merit salary increases and reclassification proposals through June 30, 2011. On Friday, January 30, Local 39 additionally approved the implementation of a twelve day per calendar year furlough program for all members (approximately 5% pay reduction).

**ANALYSIS**

Human Resources staff, in conjunction with Dennis Batchelder of The Batchelder Group, worked with the IUOE negotiating team to reach this agreement. The members of the unit and their representatives understood the City's fiscal situation and responded in a positive and professional manner by agreeing to the reformed MOU. The reformed MOU represents a strong collaborative relationship to address the City's fiscal challenges. The reformed MOU represents prudent and thoughtful concessions by Local 39 while achieving an extension of the MOU through June 30, 2011.

## **FINANCIAL IMPACT**

Local 39 voted in favor of:

1. Deferring the January 2009 COLA (about 2.5%) through June 30, 2011.
2. Waiving all merit increases and reclassification requests through June 30, 2011.
3. Reviewing changes to the disability insurance plan with the goal of cost savings.
4. Implementing a twelve day per calendar year furlough program for all members, which is equivalent to a 5% reduction in pay.
5. Extending the remaining terms and conditions of the City/Local 39 MOU through June 30, 2011.

## **ATTACHMENTS**

1. Resolution No. 8450 - A Resolution Authorizing the City Manager to Execute an Amendment to the Memorandum of Understanding Between the City of Folsom and the International Union of Operating Engineers, Local 39

## **RECOMMENDATION/CITY COUNCIL ACTION**

The Human Resources Department recommends that the City Council pass and adopt Resolution No. 8450 authorizing the City Manager to Execute an Amendment to the Memorandum of Understanding Between the City of Folsom and the International Union of Operating Engineers, Local 39.

Respectfully Submitted,



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John W. Spittler, Human Resources Director

**RESOLUTION NO. 8450**

**A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE 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 the International Union of Operating Engineers, Local 39 have reached an agreement on an amendment to the terms and conditions of employment for the current Memorandum of Understanding;

**NOW, THEREFORE, BE IT RESOLVED** by the City Council for the City of Folsom that the amendment to the Memorandum of Understanding between the City of Folsom and the International Union of Operating Engineers, Local 39, for the period of January 1, 2007 through December 31, 2009, is hereby approved as follows:

1. Deferring the January 2009 COLA (about 2.5%) through June 30, 2011.
2. Waiving all merit increases and reclassification request through June 30, 2011.
3. Reviewing changes to the disability insurance plan with the goal of cost savings.
4. Implementing a twelve day per calendar year furlough program for all members, which is equivalent to a 5% reduction in pay.
5. Extending the remaining terms and conditions of the City/Local 39 MOU through June 30, 2011.

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

**PASSED AND ADOPTED** this 10th day of February 2009, by the following roll call vote:

AYES: Council Member(s):  
NOES: Council Member(s):  
ABSENT: Council Member(s):  
ABSTAIN: Council Member(s):

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Stephen E. Miklos, MAYOR

ATTEST:

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Christa Schmidt, CITY CLERK