



BOARD MEETING AGENDA SUBMITTAL

TO: GCSB Board of Directors

FROM: Michelle Ronning, Finance Officer

DATE: January 14, 2025

SUBJECT: **Agenda Item 6E:** Adoption of a Resolution Updating Section 2.20 Longevity Pay of the Memorandum of Understanding Between Groveland Community Services District and the Local Operating Engineers No.3 for the Maintenance and Operations Unit

RECOMMENDED ACTION:

Staff recommends the following action:

I move to adopt Resolution 05-2025 Updating Section 2.20 Longevity Pay of the Memorandum of Understanding between Groveland Community Services District and the Operating Engineers Local No. 3 for the Maintenance and Operations Unit.

BACKGROUND:

On October 8, 2024, the Board approved Resolution 32-2024, authorizing the Memorandum of Understanding (MOU) between the District and Operating Engineers Local No. 3, effective from October 18, 2024, through June 30, 2029. The MOU introduces a new benefit under Section 2.20, Longevity Pay, which became effective upon ratification.

The current language in this section provides that longevity pay is available to employees who have worked for the District for a significant number of years, are in good standing, and have received positive performance evaluations. Eligible employees will receive a 2.5% increase above their current base salary after ten (10) years of service, a 5% increase after fifteen (15) years, and every five (5) years thereafter, on their hire anniversary date.

Although Longevity Pay is reportable to CalPERS as Special Compensation, the inclusion of performance evaluations in the criteria for eligibility is not compliant with California Code of Regulations 571(a) and 571.1(a). CalPERS clarified that Longevity Pay should be based solely on years of service, not performance. The inclusion of performance and good standing requirements creates compliance issues, particularly regarding group or class classification.

To address this, District staff worked with CalPERS Employer Account Management Division to update the language, ensuring compliance. The revised language clarifies the start date of Longevity Pay, specifies that it will be paid continuously, and removes the performance and good standing criteria. Additionally, the one-time true-up payment is not eligible for reporting, as it would require retroactive payments to all previous employees who would have qualified for this benefit over the past ten years.

ATTACHMENTS:

1. Resolution 05-2025
2. Amended Section 2.20 Longevity Pay (redline)
3. Memorandum of Understanding Amendment #1

RESOLUTION 05-2024

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT UPDATING SECTION 2.20 LONGEVITY PAY OF THE MEMORANDUM OF UNDERSTANDING BETWEEN GROVELAND COMMUNITY SERVICES DISTRICT AND THE OPERATING ENGINEERS LOCAL NO. 3 FOR THE MAINTENANCE AND OPERATIONS UNIT

WHEREAS, the Groveland Community Services District (herein referred to as District) is a local government agency formed and operating in accordance with Section §61000 et seq. of the California Government Code; and

WHEREAS, on October 8, 2024, the Board approved Resolution 32-2024, authorizing the Memorandum of Understanding (MOU) between the District and Operating Engineers Local No. 3, effective from October 18, 2024, through June 30, 2029; and

WHEREAS, the MOU introduces a new benefit under Section 2.20, Longevity Pay, which became effective upon ratification; and

WHEREAS, eligible employees will receive a 2.5% increase above their current base salary after ten (10) years of service, a 5% increase after fifteen (15) years, and every five (5) years thereafter, on their hire anniversary date; and

WHEREAS, longevity Pay is reportable to CalPERS as Special Compensation, the inclusion of performance evaluations in the criteria for eligibility is not compliant with California Code of Regulations 571(a) and 571.1(a); and

WHEREAS, the inclusion of performance and good standing requirements creates compliance issues, particularly regarding group or class classification; and

WHEREAS, to address this, District staff worked with CalPERS Employer Account Management Division to update the language, ensuring compliance as follows:

- The revised language clarifies the start date of Longevity Pay, specifies that it will be paid continuously, and removes the performance and good standing criteria.
- The one-time true-up payment is not eligible for reporting, as it would require retroactive payments to all previous employees who would have qualified for this benefit over the past ten years.

WHEREAS, the updated wording for Section 2.20 Longevity Pay has been approved by CalPERS and is approved by Operating Engineers Local No. 3.

NOW THEREFORE BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF THE GROVELAND COMMUNITY SERVICES DISTRICT DOES HEREBY adopt Resolution 05-2025 Updating Section 2.20 Longevity Pay of the Memorandum of Understanding between Groveland Community Services District and the Operating Engineers Local No. 3 for the Maintenance and Operations Unit. This approval is contingent upon Operating Engineers Local No. 3 executing Amendment #1 to the current Memorandum of Understanding.

WHEREFORE, this Resolution is passed and adopted by the Board of Directors of the Groveland Community Services District on January 14, 2025 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

APPROVE:

Robert Swan, Board Chair

ATTEST:

Rachel Pearlman, Board Secretary

CERTIFICATE OF SECRETARY

I, Rachel Pearlman, the duly appointed and acting Secretary of the Board of Directors of the Groveland Community Services District, do hereby declare that the foregoing Resolution was duly passed and adopted at a Regular Meeting of the Board of Directors of the Groveland Community Services District, duly called and held on January 14, 2025.

DATED: _____

Section 2.20 LONGEVITY PAY

Longevity Pay, which will become effective going forward upon ratification, shall be available to employees who have worked for the District for a significant number of years, are in good standing (no significant disciplinary actions within the last two years) and have received positive performance evaluations. Eligible employees shall receive a 2.5% increase above their then current base salary after ten (10) years of service upon their hire anniversary date. Employees who have completed fifteen (15) years of service shall receive a 5% increase above their then current base salary upon their hire anniversary date and every five (5) years thereafter.

For the implementation of Longevity Pay, which will become effective upon ratification of MOU currently planned for October 8, 2024, employees who have reached a longevity milestone as detailed above at the time of ratification of this MOU shall receive a one-time \$1,500 true-up payment, regardless of the number of milestones that have been achieved and/or disciplinary actions within the last two years that have occurred. This action does not set a precedent nor obligate the District to any such action into the future.

Section 2.20 Longevity Pay

Longevity Pay, which will become effective going forward upon ratification, shall be available to employees who have worked for the District for a significant number of years,~~;~~
~~are in good standing (no significant disciplinary actions within the last two years) and have received positive performance evaluations.~~ Eligible Employees shall receive a 2.5% continuous increase above their then current base salary after ten (10) years of service and will become effective upon their hire anniversary date. Employees who have completed fifteen (15) years of service shall receive a 5% continuous increase above their then current base salary and will become effective upon their hire anniversary date and every five (5) years thereafter.

For the implementation of Longevity Pay, which will become effective upon ratification of MOU currently planned for October 8, 2024, employees who have reached a longevity milestone as detailed above at the time of ratification of the MOU shall receive a one-time \$1,500 true-up payment, regardless of the number of milestones that have been achieved ~~and/or disciplinary actions within the last two years that have occurred.~~ This one-time-true-up payment is not eligible to be reported to CalPERS. This action does not set a precedent nor obligate the District to any such action into the future.

Amendment #1

The Groveland Community Services District and the Operating Engineers Local No. 3 agree to amend Section 2.20 Longevity Pay of the Memorandum of Understanding entered into on October 8, 2024 through June 30, 2029. All other provisions of the MOU remain unchanged.

Section 2.20 Longevity Pay

Longevity Pay, which will become effective going forward upon ratification, shall be available to employees who have worked for the District for a significant number of years. Eligible Employees shall receive a 2.5% continuous increase above their then current base salary after ten (10) years of service and will become effective upon their hire anniversary date. Employees who have completed fifteen (15) years of service shall receive a 5% continuous increase above their then current base salary and will become effective upon their anniversary date and every five (5) years thereafter.

For the implementation of Longevity Pay, which will become effective upon ratification of MOU currently planned for October 8, 2024, employees who have reached a longevity milestone as detailed above at the time of ratification of the MOU shall receive a one-time \$1,500 true-up payment, regardless of the number of milestones that have been achieved. This one-time-true-up payment is not eligible to be reported to CalPERS. This action does not set a precedent nor obligate the District to any such action into the future.

**GROVELAND COMMUNITY SERVICES
DISTRICT**

By: _____
President of the Board

BY: _____
General Manager

OPERATING ENGINEERS, LOCAL 3

By: _____
OE3 Senior Business Representative

BY: _____
OE3 Steward/Member