



MEMORANDUM OF UNDERSTANDING BETWEEN

THE CITY OF MORENO VALLEY

AND

**THE MORENO VALLEY CONFIDENTIAL
MANAGEMENT EMPLOYEES**

2019 - 2021

EFFECTIVE JULY 1, 2019

TABLE OF CONTENTS

SECTION 1: Recognition	1
SECTION 2: Term	1
SECTION 3: Salary	1
SECTION 4: Management Differentials	1
SECTION 5: Benefit Bank	2
SECTION 6: PERS Member Contributions	2
SECTION 7: Retirement Plan.....	3
SECTION 8: Forfeited Leave Balances.....	3
SECTION 9: Annual Leave	3
SECTION 10: Holidays	4
SECTION 11: Frozen Sick Leave.....	4
SECTION 12: Leave Cash-Out	5
SECTION 13: VEBA Contribution.....	5
SECTION 14: Post-Retirement Medical Benefit	6
SECTION 15: Layoffs.....	7
SECTION 16: Workplace Image	10
SECTION 17: Special Events.....	10
SECTION 18: Direct Payroll Deposit.....	10
SECTION 19: Bilingual Pay.....	10
SECTION 20: 401(a) Contribution.....	10
SECTION 21: Tuition Reimbursement	10
SECTION 22: Retirement Benefit.....	10
SECTION 23: Other Benefits	11
SECTION 24: Parity	11
SECTION 25: Probationary Period.....	11
SECTION 26: Performance Evaluations	12
SECTION 27: Management Accountability.....	12
SECTION 28: Ratification and Execution	12

**MEMORANDUM OF UNDERSTANDING BETWEEN
THE CITY OF MORENO VALLEY
AND
THE MORENO VALLEY CONFIDENTIAL MANAGEMENT EMPLOYEES
2019-2021**

The agreement entered into between the City of Moreno Valley and those employees designated as "Professional and Administrative Confidential Management" (Confidential) and sets forth the full terms and conditions of employment for members of the Moreno Valley Confidential Management Employees (MVCME), subject to amendments reached by the parties in subsequent negotiations as provided for in this document.

The following is a list of provisions agreed to between the parties:

SECTION 1: Recognition

Pursuant to the provisions of Resolution No. 92-110 of the City of Moreno Valley and the Meyers-Milias-Brown Act, the City of Moreno Valley has recognized the Moreno Valley Confidential Management Employees (MVCME) as the exclusive representative of the Professional/Administrative Confidential Management employees of the City for the purpose of meeting its obligations under Government Code S 3500 et seq.

SECTION 2: Term

Upon approval and execution by both parties, including ratification by the employees and approval of the City Council, this entire Memorandum of Understanding shall be effective from July 1, 2019 through June 30, 2021. All changes affecting members' salary/benefits agreed upon during negotiations will take effect July 1, 2019 unless otherwise stated.

SECTION 3: Salary

Effective with the pay period that begins on July 13, 2019, each employee shall receive a 6% base salary increase, which is representative of all cost of living increases for the duration of the Memorandum of Understanding.

SECTION 4: Management Differentials

<i>Employee Group</i>	<i>Hired before 9/30/2011</i>	<i>Hired after 9/30/2011</i>
Professional/Administrative Management (PAM)	2% of salary	1.5% of salary
Division Management (DM)	4% of salary	3% of salary

SECTION 5: Benefit Bank

All employees eligible to enroll in the City’s CalPERS medical program under the California Public Employees’ Medical and Hospital Care Act (“PEMCHA”) and who do enroll, shall receive a contribution by the City toward the premium for the plan chosen equal to the PEMCHA minimum set annually by CalPERS.

The cafeteria benefit bank *monthly* contributions are:

	<i>Tier I hired before 7/1/09</i>	<i>Tier II hired on or after 7/1/09</i>	<i>Tier III/IV hired on or after 9/30/11</i>	<i>Tier V** hired on or after 7/1/17</i>
PAM & DM	\$1,185.75	\$1050.00	\$787.50	\$787.50
Part time PAM	\$ 480.66	\$ 425.00	\$318.75	\$318.75

These amounts include the PEMHCA minimum contribution.

The City will continue to provide an additional monthly contribution for employees enrolled in family medical coverage:

- Tier I and Tier II benefit employees \$340 per month
- Tier III and Tier IV benefit employees \$520 per month (effective 7/1/17)
- Tier V benefit employees \$520 per month (effective 7/1/17)
- Career part-time employees (all Tiers) \$92 per month (effective 7/1/17)
- Career full-time employees (all Tiers) \$70 per month (effective 1/1/18)
- Career part-time employees (all Tiers) \$30 per month (effective 1/1/18)

**Tier V employees receive the same maximum benefit amounts as those provided for employees in Tier III/IV; However, enrollment in a City sponsored health plan is required to receive any City contributions. The City will not contribute any amount in excess of an employee’s actual enrollment cost, if that cost is less than the City’s maximum contribution. No cash back (cash or deferred compensation) if enrollment costs are less than the City’s maximum contribution as defined in the Cafeteria Benefits Plan schedule.

Employees eligible for benefits are required to purchase medical coverage or provide proof of other medical coverage.

SECTION 6: PERS Member Contributions

Retirement Formula	<i>Tier I hired before 7/1/09</i>	<i>Tier II hired on or after 7/1/09</i>	<i>Tier III hired on or after 9/30/11</i>	<i>Tier IV New members hired on or after 1/1/2013</i>
2.7% @ 55	8% employee pays	8% employee pays	N/A	N/A
2% @ 55	N/A	N/A	7% employee pays	N/A
2% @ 62	N/A	N/A	N/A	Effective 7-1-2019 Employee pays 6.75%

SECTION 7: Retirement Plan

Employees hired prior to December 23, 2011, shall continue to participate in the PERS 2.7% @ 55 Benefit plan with Highest Single Year Pay Calculation. Employees hired after December 23, 2011, shall participate in the PERS 2.0% @ 55 Benefit plan with 3-year Average Pay Calculation. New PERS members hired after January 1, 2013, shall participate in the PERS 2.0% @ 62 Benefit plan with 3-year Average Pay Calculation.

The City provides retirement benefits for all employees through the Public Employees Retirement System (PERS). Effective July 4, 2015 the City will no longer pay the member's contribution of the retirement plan; therefore, all employees pay their own member contribution into the plan, under the provisions of Internal Revenue Code Section 414 (h) (2) for pretax contributions. Current retirement benefits are available as follows:

- A. Career Full-time Employees pay for their own member contribution for PERS retirement benefits, under the provisions of Internal Revenue Code Section 414 (h) (2) for pretax contributions, and at no point will the employer pay any portion of the member's contribution.
- B. Career Part-time Employees pay for their own member contribution for PERS retirement benefits, under the provisions of Internal Revenue Code Section 414 (h) (2) for pretax contributions, and at no point will the employer pay any portion of the member's contribution.

PERS refunds may be issued ONLY if the member has permanently separated from all PERS- covered or reciprocal employment. Or, if members have been on an unpaid leave of absence for at least six (6) months, they may request a refund of their contributions prior to returning to active employment.

SECTION 8: Forfeited Leave Balances

During the term of this agreement, if any Confidential employee is laid off as the result of a reduction in force and subsequently forfeits any unused sick leave pursuant to City personnel rules, and that employee is later re-called to work within the period provided for in Section 15 (Recall Period) of this MOU, that employee shall have any forfeited sick leave reinstated to a frozen sick leave account established in his/her name. Existing City rules for the use of frozen sick leave will continue to apply to these accounts.

SECTION 9: Annual Leave

The City's existing Annual Leave program shall be modified as follows:

- A. The limit of accrued Annual Leave will be 1,664 hours for employees hired prior to September 30, 2011, and 800 hours for employees hired on or after September 30, 2011. Once an employee reaches his/her respective cap, annual leave accruals will be suspended.
- B. 100% of accrued Annual Leave balances shall be paid in full at the time of next scheduled pay period following separation.

- C. Career employees accrue annual leave time based on their years of service and employee group. The annual accrual rate is listed below:

All Employees (hired prior to 9/22/1992)

<u>Employee Group</u>	<u>11+ years</u>
PAM Confidential	348 hours

All Employees (hired prior to 9/30/2011)

<u>Employee Group</u>	<u>0-5 years</u>	<u>6-10 years</u>	<u>11+ years</u>
PAM Confidential	268 hours	308 hours	332 hours

All Employees (hired on or after 9/30/2011)

<u>Employee Group</u>	<u>0-5 years</u>	<u>6-10 years</u>	<u>11+ years</u>
PAM Confidential	250 hours	290 hours	330 hours

Each full-time career employee is required to use a minimum of 80 hours of annual leave per calendar year.

SECTION 10: Holidays

The following days shall be observed by the City as paid holidays:

- | | |
|----------------------------------|------------------------|
| New Year's Day | Veteran's Day |
| Martin Luther King, Jr. Birthday | Thanksgiving |
| Presidents Day | Day after Thanksgiving |
| Memorial Day | Christmas Eve |
| Independence Day | Christmas Day |
| Labor Day | |

Employees will be paid Holiday Pay for all working hours scheduled to be worked on a holiday. Thus, career, full-time employees will be paid ten hours on a holiday that falls on a ten hour work day, nine hours on holidays that fall on a nine hour work day, eight hours on holidays that fall on an eight hour work day.

When a holiday falls on an employee's regular day off, the employee shall be credited with the appropriate number of hours in his/her Holiday Leave Bank. Hours will be credited as described above, unless otherwise noted in this MOU.

Exempt employees may, at the Department Director's discretion, be granted a flex day if they are required to work on a designated City paid holiday or special event.

SECTION 11: Frozen Sick Leave

At retirement, Frozen Sick Leave balance (sick leave accrued prior to December 14, 2007) will be paid as elected by the employee per the following formulas:

1. 70% PERS Service Credit with 30% Cash Out
2. 80 % PERS Service Credit with 20% Cash Out
3. 90 % PERS Service Credit with 10% Cash Out
4. 100 % PERS Service Credit with 0% Cash Out

Upon separation, employees shall be paid for 40% of Frozen Sick Leave. The remaining 60% shall be forfeited. The exception shall be those employees with sick leave balances "frozen" as of 9/22/92. For those employees, upon retirement, 40% of remaining "frozen" sick leave shall be available for use as PERS service credit while the remaining 60% shall be paid out in cash. Employees not retiring under the City's CalPERS contract shall forfeit the 40% of "frozen" sick leave.

SECTION 12: Leave Cash Out

Effective July 1, 2019, the City's Annual Leave Sell Back Program allows employees who schedule to take off at least 40 hours of consecutive annual leave the option of "selling back" to the City up to 100 hours of annual leave, comp time earned, and/or accrued holiday. However, employees must retain a minimum of 160 hours annual leave on the books after deducting the "cash out." Employees can elect to take the "sell back" as cash or work through Human Resources to have the money deposited into their Deferred Compensation account. Employees may sell back leave only once per fiscal year.

SECTION 13: VEBA Contribution

The City contribution toward individual VEBA accounts for employees shall be fully funded at \$75 per month for all full-time career employees.

The city contribution toward individual VEBA accounts for employees shall be 3% of base salary effective July 11, 2020. This contribution is in lieu of an additional salary adjustment and is a component of total compensation.

The purpose of the VEBA is to provide employees with the ability to plan for future as well as current health care expenses as included under Section 213 of the Internal Revenue Code.

Employees realize a significant benefit under this Plan as eligible contributions to a VEBA Trust and the reimbursed expenses from the VEBA Trust are tax exempt.

- A. All members of the MVCME are eligible to participate in the program and are given a one-time option of participating or not participating in the program. The option must be exercised within thirty (30) days of its offering and is irrevocable.
- B. Levels of contribution for the duration of the current agreement between the parties, for all participants, are as follows:

Mandatory deduction from salary: \$50.00 per pay period

- C. In addition, participating employees' final accrued Annual Leave shall be allocated to their respective individual VEBA accounts as follows:

20% of payable hours on record at time of separation of employment which is defined as retirement, resignation, or termination of employment from the City of Moreno Valley.

- D. All employee contributions made to a VEBA account shall comply with applicable IRS Codes. If the Internal Revenue Service concludes that a portion of the VEBA Program does not qualify under the requirements of the Tax Code, or the Plan no longer qualifies, the City shall meet with the Moreno Valley Confidential Management Employees and discuss options to bring the Plan into compliance, or discontinue the Plan.

SECTION 14: Post-Retirement Medical Benefit

Effective January 1, 2001, the City shall pay the minimum monthly contribution required under the Public Employees' Medical and Hospital Care Act ("PEMHCA") for retirees who retire from the City of Moreno Valley who qualify as "annuitants" under PEMHCA and are enrolled in the City's CalPERS medical program as a retiree. Generally, to qualify as an annuitant, the individual must have an effective retirement date within 120 days of separation of employment from the City and receive a retirement allowance from CalPERS. As required by applicable statutes or regulations, annuitants must enroll in Medicare at age 65 or as soon as they become eligible.

Employees hired on or before September 30, 2011 who retire under the CalPERS retirement system with a minimum of five full-time years of service with the City, shall also be eligible to receive a reimbursement for medical coverage which is the lesser of the cost of medical coverage for the retiree and spouse, or a maximum employer reimbursement of \$318.73 per month. Employees must provide documentation of medical coverage and receipts of payment of medical insurance premiums, as requested by the City or its third party administrator, evidencing proof of payment in order to be reimbursed for any or all of the \$318.73 per month. For retirees who are enrolled in the City's CalPERS medical plans, this amount is in addition to the City's PEMHCA minimum contribution. Retirees must have an effective retirement date within 120 days of separation of employment from the City to be eligible for this reimbursement benefit, regardless of whether they enroll in the City's CalPERS medical program. Retirees who do not meet all of the statutory and/or regulatory requirements under PEMHCA to qualify as an annuitant and do not enroll in the CalPERS medical program are not entitled to the PEMHCA minimum contribution. In the event of the retiree's death, the surviving spouse continues to be eligible to receive the benefit, so long as the surviving spouse continues to qualify as an annuitant and continues enrollment in the CalPERS medical program.

Employees hired after September 30, 2011 will not be provided the City paid retiree medical benefit described in the paragraphs above, but shall be eligible for the PEMHCA minimum contribution if they qualify as an annuitant and enroll in the City's CalPERS medical program as a retiree. For these employees, during employment, the City will pay

\$75 per month towards active employees' Voluntary Employee Benefits Association (VEBA) account for retirement health insurance expenses.

SECTION 15: Layoffs

The City Manager may layoff regular and probationary employees at any time for lack of work, budgetary reasons, technological changes, or other City actions that necessitate a reduction in the workforce. At least four weeks' notice shall be given to any employee who is to be laid off. At the City Manager's discretion, a demotion or transfer to another department or classification may be made to prevent a layoff provided the employee is qualified by education and/or experience and is capable of performing the duties of the classification. The Department Directors, in consultation with the Human Resources Director, and as approved by the City Manager, will affect the layoffs.

15.1: Reduction in Force

When it becomes necessary to reduce the workforce in the City, the City Manager shall designate the job classification, division, department, or other organizational unit in order to effect a reduction in the workforce. Contract, temporary, seasonal, or probationary employees in the same job classification(s) proposed to be reduced within the City shall be laid off first. Probationary promotional employees who are laid off shall be returned to their former classification. Employees who accept lower positions or transfers in lieu of layoff shall be placed at a pay level within the salary range of the new position which yields a salary closest to current salary.

Order of layoff for MVCME:

The order of layoff of MVCME career employees shall be made in accordance with a system which favors retention of the more meritorious employees, based upon evaluation of the following factors in the listed order of implementation:

- A. An overall rating of "unsatisfactory" or "needs improvement" on the most recent performance evaluation once finalized and filed in the Human Resources Department except when an employee has less than one year seniority with the City. In that case, only seniority will be used.
- B. Documented disciplinary actions during the preceding twelve (12) months.
- C. Seniority (length of service in a career position):
 1. in the City
 2. in the Classification
 3. in the Department

For MVCME employees who are equal in performance and seniority, as established in 15.1A-C, preference will be given to those with proof of honorable military discharge.

15.2: Seniority

Seniority is determined from the day of official appointment to a City department as a career employee, provided that any career employee, who, as a result of promotion, transfer, or voluntary demotion, is appointed to a career position in another department, shall for purposes of layoff, carry seniority previously acquired over to the new department.

Seniority shall continue to accrue during periods of Annual Leave, layoff not exceeding three (3) years, any authorized leave of absence of less than three (3) months, or any call to military service for the duration of the call to duty. Seniority shall not accrue during any other break in continuous service.

15.3: Other Policies

The City may call back as a temporary employee, within the first year after layoff, any laid off employee who is on the recall list when the employee is qualified to fill a vacancy of a full-time position.

Any employee who receives an involuntary transfer shall have the option to be reinstated to a vacated position in the classification from which said employee was involuntarily transferred for up to six (6) months from the effective date of the involuntary transfer in the event of layoff.

An employee who chooses to terminate and have his/her name placed on the Reinstatement List under this section shall notify the department in writing of his/her decision at least three (3) working days prior to the effective date of reassignment. Such termination shall be on the same date as the reassignment would have been effective.

15.4: Recall Period

The recall period for employees laid off on or after June 30, 2011, shall be three (3) years from the date of their layoff.

15.5: Recall List

The name of every career employee who is laid off, transfers, or elects to demote to a formerly held classification in the same department for longer than one pay period due to a Reduction-in-Force, shall be placed on the Recall List, except that the names of those MVCME employees laid off under Sections 15.1.A & 15.1.B in "Order of Layoff for MVCME" above, shall not be placed on the recall list. Vacancies to be filled within a department shall be offered to individuals named on the Recall List who, at the time of the Reduction-in-Force, held a position in the same job classification within the department as the vacancy to be filled. Order of recall shall be same as order of layoff.

Individual names may be removed from the Recall List for any of the following reasons:

- A. The expiration of three (3) years from the date of placement on the list, effective June 30, 2011.
- B. Re-employment with the City in a career full-time position in a department other than that from which the employee was laid off.
- C. Failure to respond within 14 calendar days of the mailing by the City of a certified letter regarding availability for employment.
- D. Failure to report to work within 14 calendar days of the mailing by the City of a certified letter containing a notice of reinstatement to a position, absent mitigating circumstances.
- E. Request in writing, including email, to be removed from the list.

In the event of a vacancy, if there are no individuals on the Recall List who formerly occupied the vacant classification, those individuals on the Recall List who possess the necessary qualifications for the vacant classification shall be eligible for recall to the vacancy. Eligibility order shall be the same as the order of layoff.

No person from outside City employment shall be hired in a career position in the deleted classification until all those displaced due to layoffs or transfers are recalled to their former classification or one classification lower in the same career ladder as the one in which the employee was laid off.

15.6: Status on Re-employment

Effective June 30, 2011, a career employee who has been laid off or terminates in lieu of reassignment and is re-employed in a career position within three (3) years from the date of his/her layoff or termination shall be entitled to:

- A. Buy back and thereby restore all or a portion of Annual Leave credited to the employees' account on the date of layoff or termination and at the same rate as it was sold originally. This restoration must be requested in writing within thirty (30) days of returning to work and must be fully paid back within six (6) months of the return to work.
- B. Restoration of seniority accrued prior to and accrued during layoff.
- C. Credit for all service prior to layoff for the purpose of determining the rate of accrual of Annual Leave.
- D. Placement in the salary range as if the employee had been on a leave of absence without pay if he/she is reinstated to the same job classification in the same department from which he/she was laid off or terminated.
- E. Restoration to the same level of flexible benefits (i.e. Benefit Bank) that the

employee received prior to being laid off or terminated.

15.7: Continuation of Benefits

Those who are laid off shall have their medical insurance benefits continued to the end of the second month following the date of their layoff in the event that they are not covered by another medical plan at that time.

SECTION 16: Workplace Image

The City's Image policy will permit denim pants on Friday subject to reasonable quality standards established by the Human Resources Department.

SECTION 17: Special Events

Special Events are defined as any event so designated by the City Manager's Office requiring hours worked outside of normal work hours.

SECTION 18: Direct Payroll Deposit

Effective July 1, 2011, all new employees will be required to have direct deposit for payroll, or to apply for this service through the City's bank and, if they are accepted by the City's bank, agree to participate. If the employee is denied this service by the City's bank, the direct deposit requirement for payroll is waived.

SECTION 19: Bilingual Pay

Effective July 1, 2017, bilingual compensation at the rate of \$100 per month is paid for staff who occupy positions designated as ones in which second language skills are utilized. Eligible employees will be required to pass a test which shall be administered by a qualified agency.

SECTION 20: 401(a) Contribution

Confidential employees receive \$750.10 per fiscal year (\$28.85 per pay period) in a City sponsored 401(a) Plan.

SECTION 21: Tuition Reimbursement

Effective July 1, 2015, the maximum annual limit for the tuition reimbursement program is \$2,000 per fiscal year. The annual maximum reimbursement includes tuition, books, lab fees and parking expenses. In addition, the program covers Certificate Programs that are job related, as well as undergraduate and graduate degree programs from accredited educational institutions.

SECTION 22: Retirement Benefit

The City contracts with CalPERS for the Pre-Retirement Option 2W Death Benefit.

SECTION 23: Other Benefits

There shall be no other reductions in City paid benefits during the term of this agreement.

SECTION 24: Parity

During the term of this agreement, MVCME shall have the right to incorporate into this agreement the comparable value of any additional economic enhancements agreed upon between the City of Moreno Valley and the Moreno Valley Management Association (MVMA).

SECTION 25: Probationary Period

The first twelve (12) months, or any duly extended longer period, of all new employment in a career position shall be deemed a probationary period. The first six (6) months, or any duly extended longer period, of all promotional employment in a career position shall be deemed a probationary period. The probationary period shall commence upon the effective date of the appointment.

During the probationary period, an employee may be terminated without the right of appeal, hearing or resort to any grievance procedure if his/her performance is deemed in any way unsatisfactory or below City standards by the City Manager, upon recommendation of the employee's Department Director. At the conclusion of the probationary period, if the employee's performance does not meet City standards but is not altogether unsatisfactory, the probationary period may be extended up to an additional period of the same duration, at the discretion of the City Manager.

The decision to extend the length of an employee's probationary period must be based on justifiable reasons and must be made prior to the expiration of the original probationary period. Such a decision shall not be appealable or grievable.

Probationary employees are allowed to compete for promotional opportunities while on probation. However, an employee who fails to complete his or her original probation period prior to promoting shall not have rights to be reinstated to their prior position if they fail their promotional probation period.

If an employee promotes prior to completing an initial one-year probationary period, the normal promotional probation period of six months will be extended so that the total probationary period from the date of hire shall not be less than the 12 month initial probationary period.

Example: Employee promotes after 5 months of satisfactory service. Promotional probationary period will be extended to seven months, providing a total of twelve months' probation. Probation periods may be further extended as provided for in the City's Personnel Rules and Regulations.

SECTION 26: Performance Evaluations

Meaningful performance feedback is critical to the City's success in delivery of service to Moreno Valley residents. Evaluations must recognize individual employees' distinct accomplishments and hold each employee accountable for fulfilling his/her assigned duties in a professional manner.

- A. To assist in meeting this essential management responsibility, the City will engage the services of a consultant with extensive public and private sector experience to review the City's current process and recommend a specific training regimen for all raters.
- B. Success in this area will require that managers, at all levels, are held accountable to provide employees with ongoing verbal feedback and meaningful performance evaluations which:
 - 1) Reflect unique performance levels of each rated employee;
 - 2) Represent the culmination of ongoing verbal feedback provided throughout the rating period; and
 - 3) Are reviewed and approved by the Department Director prior to being presented to rated employees (to ensure that raters are meeting the City's commitments as outlined herein).

SECTION 27: Management Accountability

Managers and supervisors will uphold performance and conduct standards for all employees. Key areas of concern include, but are not limited to: performance, attendance, and adherence to City policies.

SECTION 28: Ratification and Execution

The City and MVCME acknowledge that this Memorandum of Understanding shall not be in full force and effective until ratified by the bargaining unit and approved by the Moreno Valley City Council. Subject to the foregoing, this Memorandum of Understanding is hereby executed by the authorized representatives of the City and Association, and entered into this 24th day of April, 2019.

For City:



Thomas M. DeSantis, City Manager

For MVCME:



Angel Migao



Gina Gonzalez