

**M E M O R A N D U M**

TO: Management and Fiscal Policy Committee

FROM: Robert H. Drummer, Legislative Attorney 

SUBJECT: **Supplemental Worksession:** Expedited Bill 18-09, Personnel – Retirement – imputed Compensation

After the publication of the action packet for Expedited Bill 18-09, Office of Human Resources Director Joseph Adler forwarded an executed Memorandum of Agreement (MOA) with the Municipal and County Government Employees Organization United Food & Commercial Workers, Local 1994 (MCGEO) modifying their previously submitted MOA. See ©1. The revised MOA adds the following sentence to resolve their dispute over the agreement on imputed compensation in Article 41.6 (See ©4-5):

The parties agree to jointly submit legislation to the County Council providing that for the purposes of retirement benefit calculation, all bargaining unit members shall be credited at the annual salary amounts as if a 4.5% cost of living adjustment had been paid in FY-2010. This means that for a RSP or GRIP participant who is on the County payroll as of June 30, 2009 and who is also on the County payroll as of June 30, 2010, the County will make a one time contribution to the participant's RSP or GRIP account on the second pay period in July 2010 of .36% of the participant's FY 2010 earnings (as defined in the RSP or GRIP). (New language underlined)

This provision would provide RSP & GRIP employees in the bargaining unit with a one time contribution to their retirement accounts of .36% of earnings. This amount represents the equivalent of the additional amount an employee in the RSP would have received in the employer's contribution for FY10 if the employee had received the postponed 4.5% general wage adjustment ( $8\% \times 4.5\% = .36\%$ ). Unlike the imputed compensation for the ERS employees, the imputed compensation for RSP employees would be a one time contribution that would not carry over to future years. It would not affect FY10 operating funds because it would be paid in FY11. Effectively, this provision would advance money from FY11 to balance the FY10 budget.

We do not have a Fiscal Impact Statement for this amendment yet. However, since it would require the appropriation of FY11 operating funds, the legislation necessary to implement this provision can be enacted in FY10 as a new Bill separate from Bill 18-09. However, if the Committee wants to amend Bill 18-09 to implement this provision, we have drafted an amendment that would add two uncodified sections to the Bill for this one-time contribution. See the Executive Amendment at ©9.

This packet contains

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Revised Memorandum of Agreement with MCGEO  
Executive Amendment

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MEMORANDUM OF UNDERSTANDING  
BETWEEN  
THE MONTGOMERY COUNTY GOVERNMENT  
AND THE  
MUNICIPAL & COUNTY GOVERNMENT EMPLOYEES ORGANIZATION  
UNITED FOOD & COMMERCIAL WORKERS, LOCAL 1994

This memorandum of understanding between the Montgomery County Government and the Municipal & County Government Employees, UFCW Local 1994, is intended to memorialize the concession agreement reached during direct negotiations in January 2009.

Please use the key below when reading this regulation:

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing regulation by proposed regulation.</i>
[Single boldface brackets]	<i>Deleted from existing regulation by proposed regulation.</i>

The parties agree to amend the contract as follows:

\* \* \*

The parties recognize the economic crisis facing the County, particularly the overwhelming revenue short fall projected for fiscal year 2010. The County is calling on all of its employees to come together to deal with this grave situation. It is in this context that the parties have agreed to these amendments to the Collective Bargaining agreement for fiscal year 2010. The County intends to require similar financial sacrifices from all employees in fiscal year 2010.

\* \* \*

**ARTICLE 5 – WAGES, SALARY AND EMPLOYEE COMPENSATION**

\* \* \*

5.2 Wages

\* \* \*

- (c) Effective the first full pay period following July 1, 2009, each unit member shall receive a 4.5 percent increase. Bargaining unit employees shall be paid a base salary pursuant to the uniform pay plan, which appears in Appendix VIIC of this agreement. This General Wage Adjustment shall be postponed and shall not be effective during fiscal year 2010.
- (d) If the County government or MCPS negotiates higher compensation improvements for any of its employee organizations during FY 2010, except for

HOC and MNCPPC, those higher increases will be matched for bargaining unit employees.

- (e) In the event the County's financial condition improves and there are funds in excess of that necessary to maintain the current level of services, then the parties may reopen this agreement to discuss wages.

\* \* \*

## ARTICLE 6 – SERVICE INCREMENTS

### 6.1 Service Increments

\* \* \*

- (c) Bargaining Unit employees shall continue to be eligible for regularly scheduled service increments in FY-2010 under this article.
- (d) All bargaining unit members who are at the top of their salary grade in FY-2010, shall on a one time basis, be credited with sixty (60) hours of compensatory leave on their service increment date. The employee must use the sixty hours as leave.

\* \* \*

## ARTICLE 21 – BENEFITS

\* \* \*

### 21.3 Employee Benefits Committee

- (a) (2) make findings and/or recommendations to the parties regarding changes in employee benefits and cost containment initiatives.

\* \* \*

### [21.4 Health Benefit Review for Calendar Years 1998-2000

The Employee Benefits Committee will conduct a review of the County's health, life, and dental benefits plan for calendar years 1998-2000. The Committee review shall include, but not be limited to, the following topics:

- (a) improvements in dental, vision, and prescription benefits at same or lower costs;
- (b) unbundling of dental, health and life benefits;
- (c) Pru-Plus out of network deductible;
- (d) podiatry care;
- (e) coverage of alternative medicine; and

(f) coverage for employee who live out of state.]

\* \* \*

21.14 (b) The parties agree to jointly establish an interagency labor/management study committee that will review the feasibility of creating an interagency, multi-employer Health Benefits Board of Trustees to assume the administration of the participating agencies' health insurance funds/programs. The joint study committee will also consider all reasonable issues regarding the subject of health benefits cost containment. Membership on the joint study committee will be equally split between union and management representatives. Each participating agency and its unions will be represented by an equal number of participants. The committee will present its report by [July 30, 2005] December 31, 2010.

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**ARTICLE 27 – REDUCTION-IN-FORCE**

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27.5 Bargaining Unit Job Security

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The County recognizes the bargaining units' support of the County's role in the implementation of the *Personal Responsibilities and Work Opportunities Act* of 1996 and the *Welfare Innovations Act* of 1997. In implementing those acts, the County will comply with the Agreement as well as all federal, State, and County laws, regulations, and policies pertaining to employee displacement and job protections. The County shall make every effort to avoid the layoff of bargaining unit members consistent with Article 27 of this Agreement to include the elimination/reduction of services provided by contractor(s) either employed by an outside vendor or by the county as an individual contractor, regardless of funding source. In addition, the County will continue to use Discontinued Service Retirement as in the past.

\* \* \*

**ARTICLE 28 – DISCIPLINARY ACTIONS**

\* \* \*

28.6 Investigative Examinations

\* \* \*

(h) Employees shall be notified of their right to representation upon notice that they are subject to investigation.

28.7 Rights of Union Representative During Investigative Examinations

\* \* \*

(e) After a question is asked, the steward can advise the bargaining unit member on how to answer.

\* \* \*

ARTICLE 36 – UNION ACTIVITIES

\* \* \*

36.2 Paid time used under this Article shall be charged to administrative leave. There shall be established an Administrative Leave Bank a maximum of [840] 1000 hours per year for use by SLT Unit Council representatives and a maximum of [1560] 1700 hours per year for OPT Unit Council representatives as defined in this Agreement. Any leave used under this procedure shall be recorded and charged in accordance with procedures agreed upon by the parties. The Union shall make every effort to give as much advance notice as possible. Leave not used in any year shall not be carried over to the next year.

\* \* \*

ARTICLE 41 – RETIREMENT

\* \* \*

41.3 Retirement Committee

\* \* \*

(c) The parties agree that in accordance with the County policy on Boards and Commissions, to submit legislation providing that the representative selected by UFCW Local 1994 and approved by the County Executive to the Board of Investment Trustees shall be designated as an Ex Officio member.

\* \* \*

41.6 The parties agree to jointly submit legislation to the County Council providing that for the purposes of retirement benefit calculation, all bargaining unit members shall be credited at the annual salary amounts as if a 4.5% cost of living adjustment had been paid in FY-2010. This means that for a RSP or GRIP participant who is on the County

payroll as of June 30, 2009 and who is also on the County payroll as of June 30, 2010 the County will make a one time contribution to the participant's RSP or GRIP account on the second pay period in July 2010 of 36% of the participant's FY 2010 earnings (as defined in the RSP or GRIP).

\* \* \*

#### **Article 41.9 Retirement Incentive Program II**

The County shall submit legislation to establish a one time retirement incentive to accomplish the following:

The County shall offer a one-time retirement incentive to active full time employees who are Group H or Group E participants in the Employees' Retirement System (ERS) and who are within two years of meeting the criteria for normal retirement as follows:

- a. The County shall offer the choice of (a) a one-time lump sum payment of forty thousand dollars (\$40,000) payable from the ERS on August 1, 2009 and eligible for rollover (b) a pension benefit increased by \$3,333.33 for the first twelve months and eligible for rollover or (c) an additional retirement benefit of \$40,000 paid in the elected form of benefit to employees who are eligible for normal retirement as of June 1, 2009 and express by April 1, 2009 to the Office of Human Resources a written intention to retire on June 1, 2009;
- b. The County shall waive the early retirement reduction and offer a choice of (a) a one-time lump sum payment of \$40,000 payable from the ERS and eligible for rollover (b) a pension benefit increased by \$3,333.33 for the first twelve months and eligible for rollover or (c) an additional retirement benefit of \$40,000 paid in the elected form of benefit to employees to employees who are eligible for early retirement and within two years of meeting the criteria eligibility for normal retirement as of June 1, 2009 and express by April 1, 2009 to the Office of Human Resources a written intention to retire on June 1, 2009;
- c. Effective June 1, 2009, increase social security integration multiplier for Group E to 1.65%.

Employees are not eligible if they retire on a discontinued service retirement or a disability retirement. Employees who apply for a disability retirement will not receive any amounts until the disability retirement has been determined.

If more than thirty percent of employees eligible for retirement incentive, by department, express a written intention to the Office of Human Resources to participate in the retirement incentive, the County reserves the right to limit participation by department. Any such limitation shall be based upon actual years of County service.

\* \* \*

#### ARTICLE 55 – COST EFFICENCY STUDY GROUP

The parties shall establish a study group consisting of the Local 1994 President and two (2) other Union representatives; the Director of OHR and two (2) other employer representatives and the purpose of the group shall include, but not be limited to any of the following:

- (1) Evaluate the service delivery model for each agency/program/department which employ bargaining unit members;
- (2) Evaluate the supervisory/management structure in each agency/program/department which employ bargaining unit member, to include the supervisor to employee ratio;
- (3) Evaluate the technology, equipment, and tools supplied to bargaining unit members to perform their duties and responsibilities;
- (4) Evaluate the County Executive branch's operating budget to identify potential cost reductions that will not adversely impact same services;
- (5) Evaluate the cost effectiveness of current contracts with outside vendors who perform services that can otherwise be performed by bargaining unit members or via other more cost effective ways;

The study group's charge shall be to identify potential cost savings and/or productivity/efficiency enhancement/improvements. Any cost savings shall be dedicated to maintaining services. The study group shall have its first meeting no later than July 30, 2009.

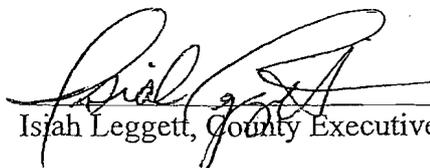
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APPENDIX VI – OPT/SLT UNITS – DEPARTMENT OF PUBLIC WORKS AND  
TRANSPORTATION

\* \* \*

- (c) Fleet Management
- (1) Ten t-shirts to be provided to mechanics, helpers and welders.
  - (2) The parties agree to refer the issue of tools/equipment/work space available to all maintenance facilities, including highway depots, to the LMRC.
  - (3) The following item is referred to the LMRC:
    - provide power lift carts
  - (4) The Heavy Equipment section of Fleet Management Services shall have the 4 day 10 hour workweek available for their shift pick selection that meets the demonstrated operational needs of the section and optimizes schedule flexibility for bargaining unit members.

FOR THE EMPLOYER

  
Isjah Leggett, County Executive

Date 5/12/09

FOR THE UNION

  
Gino Renne, President

Date 5/12/09

## Executive's Amendment

*Add the following language after line 30 of the Bill:*

### **Sec. 2. Group I and Group II**

Notwithstanding §33-117(a), the County must make an additional one-time contribution of .36% of the participant's fiscal year 2010 regular earnings on the second pay period in July 2010 on behalf of each Group I and Group II participant on the County payroll as of June 30, 2009 and who is also on the County payroll as of June 30, 2010,

### **Sec. 3. Guaranteed retirement income plan.**

Notwithstanding §33-40(e), the County must make an additional one-time credit equal to .36% of the member's fiscal year 2010 regular earnings to the member's guaranteed retirement income plan account on the second pay period in July 2010 for a member who is on the County payroll as of June 30, 2009 and who is also on the County payroll as of June 30, 2010,