

AMENDMENT NO. 3

to

**October 1, 2005 through September 30, 2010
MEMORANDUM OF UNDERSTANDING
(MOU 50)**

Between

**THE CITY OF LOS ANGELES,
LOS ANGELES DEPARTMENT OF WATER AND POWER**

and

**INTERNATIONAL BROTHERHOOD OF
ELECTRICAL WORKERS, LOCAL 18**

**Steam Plant and Water Supply Unit
(Bargaining Unit #6)**

for

October 1, 2013 through September 30, 2017

The Parties agree that the current Memorandum of Understanding (MOU), Steam Plant and Water Supply Unit, for October 1, 2005, through September 30, 2010, as amended by MOU Amendments Nos. 1, and 2, and shall be further amended by this Amendment No. 3, as set forth below:

ARTICLE 26
TERM

- A. The term of this MOU shall be October 1, 2013, through September 30, 2017.
- B. Should either the Union or Management desire a successor MOU, that Party shall notify the other Party no later than:
 - a. the close of business on Monday, July 3, 2017; or,
 - b. Ninety (90) days prior to the termination date of the MOU as provided for in any amendment to the MOU.
- C. Except as delineated in this Amendment, all provisions of the current MOU, including as previously amended, shall remain in full force and effect through September 30, 2017.
- D. The Parties acknowledge that during negotiations which resulted in this Amendment, each had unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by City ordinance or State or federal law from the meet-and-confer process and that the understanding and agreements arrived at by the Parties after the exercise of that right are set forth in this Amendment. IBEW, Local 18, therefore, without qualification, waives the right and the Department shall not be obligated to meet and confer as to any request for any improvement or other changes in wages, hours or other conditions of employment for any of the employees covered by this MOU except as stated in Article 36.
- E. The waiver of any term or condition of this MOU by either Party shall not constitute a precedent in the enforcement of any of its provisions.
- F. The Parties, during the term of this MOU, may mutually agree to consider other specific proposals.

ARTICLE 28
HEALTH AND DENTAL PLANS

28.1 - Health Plan

The Department will provide eligible employees in this Unit, to whom an annual salary rate is applicable, and who are members of the Water and Power Employees' Retirement, Disability and Death Benefit Plan, and on behalf of their eligible dependents, if any, a monthly subsidy equal to the cost of any one of the following health insurance programs, not to exceed the monthly rate of the Kaiser Medical Family Plan ("maximum monthly healthcare subsidy"):

- a. LADWP Kaiser Medical Plan
- b. LADWP Health Plan of Nevada
- c. LADWP United Healthcare
- d. IBEW, Local 18, Health and Welfare Trust

The maximum monthly healthcare subsidy shall be adjusted in accordance with the increase or decrease in the Kaiser Medical Family Plan effective at the beginning of the pay period in which any Kaiser premium rate change is implemented.

Said subsidy will be applied and limited by the employee's election, if any, to coverage under one of the health insurance programs listed in (a), (b), (c), and (d) above. In the event eligible employees elect to cover their eligible dependents as provided for in these programs, the unused portion of said subsidy will be applied toward such dependent coverage under the same plan.

In order to obtain employee input regarding health plan benefits, and to stabilize health insurance costs at or near their present levels, the Department will meet with IBEW, Local 18, prior to negotiating new agreements with health insurance carriers. In conformance with LADWP Board Resolution No. 985 of June 29, 1972, as amended, any increases in cost due to negotiated improvements in benefits shall be borne solely by the employees.

The Parties acknowledge that rapidly escalating health care costs are a mutual concern. Containing the escalation of these costs is essential to both Parties. Therefore, the Parties agree to develop health care proposals that achieve control over and limit escalating health care costs, which may include financial participation by both Parties.

ARTICLE 29
SUPPLEMENTAL BENEFITS

29.1 - Sick Benefits

All provisions of the Department's Disability Plan and all practices concerning sick days shall be continued with the following exceptions:

- (a) Disability benefits for a temporary disability of ten-(10) work days or less shall be calculated at the gross salary base rate and the appropriate federal and state taxes withheld and paid to the Internal Revenue Service and the State Franchise Tax Board.
- (b) Disability benefits for a temporary disability which exceeds ten (10) work days shall be calculated at the level of benefits to which the member is entitled (i.e., 85%, 60%, etc.) by reason of the length of service and at the gross salary base rate. For disability benefit purposes, the definition of "net salary" shall be deleted.
- (c) In addition to the benefits provided in Section VD (3) of the Plan, pay for unused sick time shall be made under the following circumstances:

At the end of the last payroll period prior to January 1 of each calendar year, employees' unused sick time compensation shall be calculated at the 100% rate for any portion of such entitlement which they cannot carry forward into the current calendar year (i.e., any hours in excess of 80). The Department shall compensate employees for unused sick time in an expeditious manner.
- (d) Additionally, partial days sick shall be deducted from the annual forty-hour entitlement provided in Section VD (3) of the Plan but shall not alter the present practices for determining an employee's eligibility for other sick or disability benefits.
- (e) The payments described in paragraphs (a), (c) and (d) herein shall be administered by the Department rather than by the Board of Administration.
- (f) In order to receive paid temporary disability benefits as described in paragraph (a), all Unit members shall be required to submit medical certification (e.g. doctor's note) for absence due to illness or injury of three (3) or more consecutive workdays.

ARTICLE 30
SALARIES

30.1 - Salaries

The cost-of-living-adjustments (COLA) are as established below:

- Effective October 1, 2013—(0% COLA)
- Effective October 1, 2014—(0% COLA)
- Effective October 1, 2015—(0% COLA)
- Effective October 1, 2016—(2% COLA)

Effective October 1, 2013, through September 30, 2016, in-lieu of a cost-of-living-adjustment, LADWP shall contribute a percentage towards the maximum monthly healthcare funding described in Article 28.1, as outlined in Appendix J-1, on behalf of the employee, to the Department's *Water and Power Active Employee Healthcare Benefits Fund*.

Furthermore, effective October 1, 2013, through September 30, 2016, in-lieu of a cost-of-living-adjustment, LADWP shall contribute a percentage towards the Annual Required Contribution, as outlined in Appendix J-2, on behalf of the employee, to the Department's *Retiree Health Benefit Fund*.

Effective October 1, 2016, through September 30, 2017, in addition to the cost-of-living-adjustment above, LADWP shall contribute a percentage towards the maximum monthly healthcare funding described in Article 28.1, as outlined in Appendix J-1, on behalf of the employee, to the Department's *Water and Power Active Employee Healthcare Benefits Fund*.

Furthermore, effective October 1, 2016, through September 30, 2017, in addition to the cost-of-living-adjustment above, LADWP shall contribute a percentage towards the Annual Required Contribution, as outlined in Appendix J-2, on behalf of the employee, to the Department's *Retiree Health Benefit Fund*.

ARTICLE 31
SCOPE OF IMPLEMENTATION

This MOU Amendment constitutes a jointly drafted recommendation of the City of Los Angeles, LADWP and IBEW, Local 18, and shall not become binding in whole or in part, unless and until all of the following have occurred.

- IBEW, Local 18, has notified the Board that the MOU Amendment was ratified in its entirety by the Union's membership, as evidenced by IBEW, Local 18's authorized representative affixing his or her signature hereto; and,
- The Board has by adoption of an appropriate Resolution notified IBEW, Local 18, that the MOU Amendment is approved, as to items within the Board's authority, by the Department, as evidenced by the General Manager affixing his signature hereto; and,
- The City Council has taken appropriate action approving and setting the salaries agreed to herein and, because this MOU Amendment exceeds three years in duration, has also approved the items that had been approved by the Board.

The effective date of this MOU Amendment is the date on which the last event in time occurs.

ARTICLE 36
JOINT LABOR/MANAGEMENT RESOLUTION BOARD

(1) SCOPE

A Joint Labor/Management Resolution Board (JRB) shall be established to deal with items typically brought up in the meet-and-confer process and other issues as mutually agreed to by Union and Management.

The JRB and the Labor/Management Committees are not intended to subordinate or abrogate in any way the collective bargaining rights and obligations of either Party.

(2) MEMBERSHIP

- The JRB shall be comprised of equal numbers of Union and Management participants.
- It may be necessary to create more than one JRB.

(3) PROCESS

Mutual Gains Bargaining is the process to be used in resolving issues brought to the JRB. An impartial facilitator will be used as deemed necessary by the Parties.

(4) TRAINING

Any person appointed to the JRB, or any other joint labor/management committee, shall be trained in the mutual gains bargaining process prior to participating in the process. In addition to this training, all Union shop stewards and all levels of management beginning with first-level supervisors shall be trained in the mutual gains bargaining process.

(5) COMMUNICATION

- The scope of the JRB and the process it uses will be communicated to all employees and managers. The resolution, results and reasons, and the plan for implementation will be published and provided to all affected employees and managers. The JRB will regularly keep the General Manager of Water and Power and the Business Manager of IBEW, Local 18, informed of its progress.
- The Union and Management will work in cooperation to jointly inform the political leadership (i.e., Mayor, Executive Employee Relations Committee, members of City Council) of the process being used to jointly resolve disputes. There will be a joint recommendation to the political leadership when their approval is needed for implementation of a resolution.

(6) RULES OF THE JOINT RESOLUTION BOARD

- The JRB shall set its own ground rules.
- Mutual Gains Bargaining shall be utilized to resolve issues.

- All members are to be considered to have the same level of authority and responsibility.
- The JRB may establish subcommittees or utilize existing committees as necessary.
- The JRB may bring in experts on particular subject matters or issues.
- The JRB may recommend remedies for disputes related to issues, which have been submitted.
- The JRB will recommend resolutions that are within its scope.
- The JRB shall set time limits for resolutions and their implementation.
- The JRB has the authority to make recommendations, which will be submitted simultaneously to the General Manager of Water and Power and the Business Manager of IBEW, Local 18, for their joint consideration and response.

(7) COMMITTEES

Joint Labor/Management committees may be established locally upon mutual agreement for the purpose of resolving local issues not addressed by the MOU. They may also be utilized for informal screening and/or researching of issues prior to submission to the JRB.

(8) PROCESS FOR SUBMISSION OF ISSUES TO THE JOINT RESOLUTION BOARD

The Parties agree that there is a mutual interest to update existing MOU provisions (e.g. Appendices and Footnotes), including Letters of Agreement, Letters of Intent, and Settlement Agreements.

This process will be conducted through the JRB, established to deal with items typically brought up in the meet-and-confer process and other issues as mutually agreed to by the Union and Management.

The JRB will not subordinate or abrogate in any way the collective bargaining right and obligations of either Party.

Items will include, but will not be limited to, compensation, salary inequities, bonuses, overtime, other supplemental pay, LADWP pay codes, and working rules. The City Administrative Officer and the General Manager of the LADWP, under the direction of the Executive Employee Relations Committee (EERC) and/or the Board of Water and Power Commissioners may submit issues to the JRB as follows:

- The general criteria for screening and prioritizing issues will be established by the JRB.
- The Union and Management will have their own internal processes to determine which issue(s) will be submitted to the JRB.
- Any Union or Management JRB member may bring an issue to the JRB.

The JRB will specifically review salary disparity between classes common to other City Departments and the LADWP by September 30, 2014.

Any modifications to the MOUs that have a salary component must be authorized by the EERC and approved by the City Council.

APPENDIX B

CONTRACTING OUT

The Parties agree to the following terms and conditions relative to the contracting out of bargaining unit work:

- 1) The Department may contract out bargaining unit work without meeting and conferring, subject to Charter Sections 1022 and/or 385, et seq., and the provisions of this Agreement.
- 2) Notwithstanding any provisions of this MOU to the contrary, the provisions of this Appendix are subject only to advisory arbitration with the exception of grievances raised under Article 35, Job Security, of this MOU.
- 3) In lieu of the meet-and-confer process specified by the Employee Relations Ordinance, the Parties agree to meet and discuss, in accordance with the procedure in paragraph 4, all contracts awarded by the Board and multiple contracts let for the same service in the same division which exceed a cumulative total of \$100,000 in a 12-month period, except those listed below:
 - a. Contracts for expertise or contracts for services involving proprietary equipment.
 - b. Contracts for rental equipment, which includes operators.
 - c. Contracts required because of bona fide emergency circumstances.
- 4) The Parties agree that the following expedited procedure shall replace the dispute resolution procedures of the Employee Relations Ordinance to resolve only those disputes arising out of the discussions occurring as a result of paragraph (3) above.
 - a. The Department will notify the Union in a timely manner of all applicable proposed contracts.
 - b. The Union may request to meet and discuss such contracts within five (5) working days of receipt of the contract. Failure of the Union to request a meeting within five (5) working days shall constitute a waiver of the Union's right to continue this process.
 - c. Meeting(s), if requested, will be held within five (5) calendar days of notification by the Union of a desire to meet and discuss the contracts.
 - d. Should the Parties not agree during their meet-and-discuss session(s), the Union may request expedited arbitration at the conclusion of the five (5) calendar day period. Failure of the Union to request arbitration within the five (5) calendar day period shall constitute a waiver of the Union's right to continue this process. The Parties will attempt to establish a mutually agreeable process for selecting arbitrators. Absent an agreement on such a process, arbitrators will be selected in accordance with the Employee Relations Ordinance Rules 11.03 and

11.04. If the arbitrator selected is not able to serve or cannot meet the time limits in 4(e) of the Agreement, a new arbitrator shall be selected by repeating the steps in Rules 11.03 and 11.04.

- e. The hearing and issuance of an award by the arbitrator shall be concluded within thirty-(30) calendar days from the request for arbitration.
 - f. The arbitrator's advisory decision and recommendation shall be transmitted to the Board simultaneously with the contract proposed for adoption.
 - g. The time limits in this process may be extended only by mutual written agreement.
 - h. This arbitration process shall be informal. Court reporters shall not be used; the rules of evidence shall be informal; the arbitrator's notes, exhibits (if any), and the written advisory decision and recommendation shall constitute the record of the proceedings; and post hearing briefs will not be submitted. The Parties shall each determine whether they wish to produce witnesses and/or documentary evidence.
 - i. The arbitration fees shall be shared equally by the Union and Management.
- 5) Disputes over the practical consequences of contracting out, other than those disputes occurring under paragraphs 3 and 4 above, shall be resolved through the grievance process starting at Step III (Division level) in accordance with the provisions in Article 5 of the MOU.
- 6) As an alternative to contracting out, the LADWP shall use at least ten percent (10%) overtime to meet maintenance and business needs. In order to meet maintenance and business needs, the Department, as a condition of contracting out bargaining unit work, shall offer those employees that normally perform the work to be performed by the contractor, at least eight (8) hours of overtime per pay period during the time the contractor is actually performing work under the contract, provided:
- a. That if an employee chooses to decline an offer for overtime work, such refusal shall count toward meeting any overtime obligation.
 - b. That the overtime obligation shall pertain only to civil service classifications and work locations as agreed upon by the Union and the Department in accordance with the existing procedures.
 - c. The "Settlement Agreement Between The Department of Water and Power and Local 18, International Brotherhood of Electrical Workers Re Administration of 'Contracting Out' Provisions of the Memoranda of Understanding" that was adopted by the LADWP Board on July 27, 2007 (Board Resolution 008-042) shall terminate and no longer be applicable.

APPENDIX J-1
ACTIVE EMPLOYEE HEALTHCARE BENEFITS FUNDING

During the term of this MOU, in implementing Article 30, the Los Angeles Department of Water and Power shall provide to the Department's *Water and Power Active Employee Healthcare Benefits Fund*, a monthly amount not to exceed the monthly amount necessary for LADWP to meet its obligation pursuant to Article 28.1 for expenditures during the term of this MOU. The funding shall be provided in accordance with the following:

1. Effective October 1, 2013, and each month thereafter through September 30, 2014, LADWP shall contribute an amount equal to one percent (1%) of each Unit member's bi-weekly base wage rate (salary range) for the corresponding upcoming month to the *Water and Power Active Employee Healthcare Benefits Fund* on behalf of the employee to fund active employee health benefits.
2. Effective October 1, 2013, and each month thereafter through September 30, 2014, LADWP shall also contribute the remainder of the funds necessary for the *Water and Power Active Employee Healthcare Benefits Fund* to meet its obligation for the corresponding upcoming month pursuant to Article 28.1.
3. Effective October 1, 2014, and each month thereafter through September 30, 2015 LADWP shall contribute an amount equal to one percent (1%) of each Unit member's bi-weekly base wage rate (salary range) for the corresponding upcoming month to the *Water and Power Active Employee Healthcare Benefits Fund* on behalf of the employee to fund active employee health benefits.
4. Effective October 1, 2014, and each month thereafter through September 30, 2015, LADWP shall also contribute the remainder of the funds necessary for the *Water and Power Active Employee Healthcare Benefits Fund* to meet its obligation for the corresponding upcoming month pursuant to Article 28.1.
5. Effective October 1, 2015, and each month thereafter through September 30, 2016, LADWP shall contribute an amount equal to two percent (2%) of each Unit member's bi-weekly base wage rate (salary range) for the corresponding upcoming month to the *Water and Power Active Employee Healthcare Benefit Fund* on behalf of the employee to fund active employee health benefits.
6. Effective October 1, 2015, and each month thereafter through September 30, 2016, LADWP shall also contribute the remainder of the funds necessary for the *Water and Power Active Employee Healthcare Benefits Fund* to meet its obligation for the corresponding upcoming month pursuant to Article 28.1.
7. Effective October 1, 2016, and each month thereafter through September 30, 2017, LADWP shall contribute an amount equal to two percent (2%) of each Unit member's bi-weekly base wage rate (salary range) for the corresponding upcoming month to the *Water and Power Active Employee Healthcare Benefits Fund* on behalf of the employee to fund active employee health benefits.
8. Effective October 1, 2016, and each month thereafter through September 30, 2017, LADWP shall also contribute the remainder of the funds necessary for the *Water and Power Active Employee Healthcare Benefits Fund* to meet its obligation for the corresponding upcoming month pursuant to Article 28.1.

The amount of contributions indicated above to be paid on behalf of the employee is not taxable under current, applicable law, but will nonetheless be notated on the Unit member's bi-weekly pay stub to reflect a "healthcare contribution on employee's behalf." It is mutually understood and agreed by LADWP and IBEW, Local 18, that the contributions specified in this Appendix J-1 shall not result in any obligation by LADWP to pay any additional contribution to active health care above or beyond LADWP's maximum monthly healthcare funding obligation pursuant to Article 28.1 of the MOU.

APPENDIX J-2
RETIREE HEALTHCARE BENEFITS FUNDING

During the term of this MOU, in implementing Article 30, the Los Angeles Department of Water and Power shall provide to the Department's *Retiree Health Benefits Fund* a yearly amount not to exceed the Annual Required Contribution as identified in the yearly actuarial valuation. The funding shall be provided in accordance with the following:

1. Effective October 1, 2013, through September 30, 2014, LADWP shall contribute an amount equal to two percent (2%) of each Unit member's bi-weekly base wage rate (salary range) to the *Retiree Health Benefits Fund* on behalf of the employee to fund Retiree Health benefits.
2. Effective October 1, 2013, through September 30, 2014, LADWP shall also contribute the remainder of the funds necessary to meet the annual required contribution to the *Retiree Health Benefits Fund* as determined by the yearly actuarial valuation.
3. Effective October 1, 2014, through September 30, 2015, LADWP shall contribute an amount equal to two percent (2%) of each Unit member's bi-weekly base wage rate (salary range) to the *Retiree Health Benefits Fund* on behalf of the employee to fund Retiree Health benefits.
4. Effective October 1, 2014, through September 30, 2015, LADWP shall also contribute the remainder of the funds necessary to meet the annual required contribution to the *Retiree Health Benefits Fund* as determined by the yearly actuarial valuation.
5. Effective October 1, 2015, through September 30, 2016, LADWP shall contribute an amount equal to four percent (4%) of each Unit member's bi-weekly base wage rate (salary range) to the *Retiree Health Benefits Fund* on behalf of the employee to fund Retiree Health Benefits.
6. Effective October 1, 2015, through September 30, 2016, LADWP shall also contribute the remainder of the funds necessary to meet the annual required contribution to the *Retiree Health Benefits Fund* as determined by the yearly actuarial valuation.
7. Effective October 1, 2016, through September 30, 2017, LADWP shall contribute an amount equal to four percent (4%) of each Unit member's bi-weekly base wage rate (salary range) to the *Retiree Health Benefits Fund* on behalf of the employee to fund Retiree Health benefits.
8. Effective October 1, 2016, through September 30, 2017, LADWP shall also contribute the remainder of the funds necessary to meet the annual required contribution to the *Retiree Health Benefits Fund* as determined by the yearly actuarial valuation.

The amount of contributions indicated above to be paid on behalf of the employee is not taxable under current, applicable law, but will nonetheless be notated on the Unit member's bi-weekly pay stub to reflect a "healthcare contribution on employee's behalf." It is mutually understood and agreed by LADWP and IBEW, Local 18, that the contributions specified in this Appendix J-2 shall not result in any obligation by LADWP to pay any additional contribution to retiree health care above or beyond what LADWP

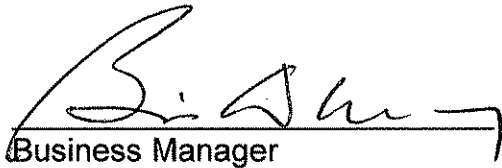
currently contributes to the Retiree Health Benefits Fund pursuant to Board Resolution No. 007-048 as amended.

Corrections

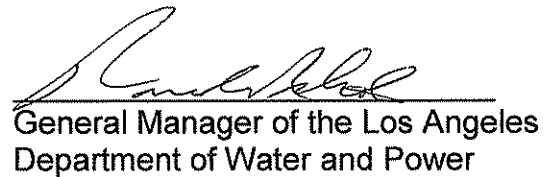
The City Controller and the General Manager of the Los Angeles Department of Water and Power are hereby authorized to correct any technical or clerical errors in this Amendment.

IN WITNESS WHEREOF, the Parties hereto have caused their duly authorized representatives to execute this Amendment to the Steam Plant and Water Supply Unit Memorandum of Understanding on this 26th day of November, 2013, to be effective as provided herein.

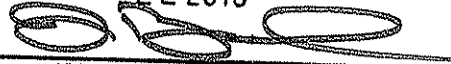
Local 18 of the
International Brotherhood
of Electrical Workers, AFL-CIO,
Authorized Representatives


Business Manager

City of Los Angeles
Representative


General Manager of the Los Angeles
Department of Water and Power

APPROVED AS TO FORM AND LEGALITY
MICHAEL N. FEUER, CITY ATTORNEY

NOV 22 2013
BY 
JOSEPH A. BRAJEVICH
ASSISTANT GENERAL COUNSEL, WATER & POWER