



REPORT TO CITY COUNCIL

To: Honorable Mayor and Members of the City Council

From: Jason Simpson, City Manager

Prepared by: Shannon Buckley, Assistant City Manager

Date: October 8, 2024

Subject: Approve the Side Letter to the 2021-2026 Memorandum of Understanding (MOU) with LIUNA Local 777 (LIUNA)

Recommendation

Authorize the City Manager to Execute the Side Letter to the MOU with LIUNA Local 777 Amending the Changes of Benefits for Union-Represented and Non-Represented Employees for the Period of October 8, 2024, to June 30, 2026.

Background

On August 24, 2021, the City Council and the employees represented by LIUNA Local 777 (LIUNA) adopted a Memorandum of Understanding (MOU) from July 1, 2021 to June 30, 2026.

In light of inflation and a challenging hiring environment, the City is providing an adjustment to employee benefits to improve recruitment and retention. The City is explicitly experiencing recruitment challenges due to other agencies directly competing with the City for talent and offering employee benefit packages that have outpaced those offered by the City back on August 24, 2021.

The City Council discussed the details associated with the MOU and provided final direction to staff in Closed Session on August 13, 2024.

Discussion

In a recent survey, 70% of employers cited staffing issues as the number one challenge currently facing their organization. It is not just government agencies; all economic sectors and industries across each sector are experiencing personnel problems due to the "Great Resignation" and other factors. Cities, including the City of Lake Elsinore, and other government agencies are not immune from these impacts and are experiencing staffing challenges.

As such, the City Council is adjusting benefits to help with succession planning, stem the tide of job transfers outside the organization, and help promote the long-term sustainability of the City's trained workforce.

Highlights

1. **Medical, Dental, Vision, & Life Insurance**

The City has established a voluntary Section 125 Plan under the regulations of the Internal Revenue Service. The City shall provide each employee with a Cafeteria Contribution amount per month beginning December 1, 2024. An employee shall be covered under mandatory benefits as outlined in the contract between the City and the carrier(s). The employee can then apply the remainder of the Cafeteria Contribution to optional benefits provided by the City, including health insurance premiums, dental insurance premiums, vision insurance premiums, additional life insurance premiums, flexible spending accounts, and other supplemental insurance premiums. A monthly benefit is available if an employee waives coverage that meets guidelines.

Monthly cafeteria contribution amounts will be as follows:

- Effective December 1, 2024 - \$2,900 per month
- Effective December 1, 2025 - \$2,900 per month

Monthly opt-out arrangement (waiver of coverage) will be as follows:

- Effective January 1, 2025 - \$500 per month
- Effective January 1, 2026 - \$500 per month

Fiscal Impact

The City's benefit cost for the next year for the Side Letter changes is estimated to be an increase of \$304,320.

Attachments

Attachment 1 - 10/3/2024 Side Letter

Attachment 2 – 2021-2026 MOU 07-01-2021

Manager's Office