

CONSIDERATION OF TERMS AND CONDITIONS FOR A SUCCESSOR MEMORANDUM OF UNDERSTANDING BETWEEN THE ALAMEDA COUNTY WATER DISTRICT AND THE ACWD OPERATORS' ASSOCIATION

SUMMARY: The purpose of this item is to consider a successor Memorandum of Understanding (MOU) between the District and Operators' Association (OA), which represents the District's operator employees. This MOU establishes the approved wage structure and defines the terms and conditions of employment for OA staff. The last MOU expired on June 30, 2025, and the proposed, successor MOU will cover July 1, 2025, through June 30, 2029.

District representatives began meeting with OA representatives in May of 2025 to understand member priorities related to wages, benefits, and working conditions. The proposed successor MOU is the result of collaborative negotiations, including nine formal bargaining sessions, and on February 5, 2026, OA formally reported to the District that they had ratified the successor MOU. The successor MOU is designed to maintain the District's competitiveness in the recruitment and retention of qualified personnel and align with the following Strategic Plan Goals: F2: Ensure cost reasonableness and prudently manage customer financial impacts, and WF1: Enhance recruitment strategies to attract a highly qualified, and diverse workforce, and WF2: Maintain employee retention by encouraging, valuing, and developing employee contributions and skills.

RECOMMENDATION: By motion, authorize a successor Memorandum of Understanding (MOU) between the District and the Operators Association (OA) consistent with the terms and conditions outlined in this report.

DISCUSSION: To address key concerns raised during negotiations, particularly that OA wage increases have not kept pace with inflation or peer agencies in recent years, the proposed MOU includes a series of wage and benefit enhancements. The last MOU did not anticipate the significantly higher than projected inflation that began in late 2021, and comparator agencies that index increases to inflation have outpaced the District in wage growth.

Additionally, the package recognizes the higher certifications required and maintained by Operator staff, and includes a one-time, non-PERSable payment in recognition of maintaining existing standby provisions, in contrast to standby pay adjustments provided during negotiations to the OE3 unit.

The proposed successor MOU includes both wage and non-wage enhancements designed to ensure OA-represented positions remain attractive and competitive in the labor market, and to maintain parity with other District employee groups where appropriate.

The following is a summary of the key changes in the proposed successor MOU with OA:

Proposed OA Wage Enhancements:

- Beginning the pay period following Board authorization, a one-time, catch-up wage adjustment of 5.00%, followed immediately by a 3.00% cost-of-living adjustment (COLA) for a total 8.15% wage increase
- 3.50% COLA effective with the pay period that includes July 1, 2026
- 3.25% COLA effective with the pay period that includes July 1, 2027

- 3.00% COLA effective with the pay period that includes July 1, 2028
- Eliminate Employee Medical Contribution of 0.25% of salary

The total proposed salary enhancement is equivalent to 18% over four years.

Additional OA Enhancements and Adjustments:

Premium Pay – Water Certifications: Effective the first full pay period following Board adoption, revised certification premiums apply to Water Treatment Plant Operators and Treatment Facilities Operators. During the 2025 negotiations, the Association prioritized increases to water certification premiums in lieu of adding the Juneteenth holiday or deferred compensation matching.

Certification Premiums:

- T-5 Certificate (Standby Pool): 7% premium for employees who maintain a T-5 Certificate and participate in the mandatory T-5 Standby Pool (limited to five employees). Participants act as supervisors per District policy and receive standby compensation consistent with supervisor standby provisions.
- T-5 Certificate (No Standby): 3% premium for employees who possess a T-5 Certificate but elect not to participate in the standby pool.
- T-4 Certificate: 2% premium where T-4 is not a minimum qualification. For classifications requiring T-4, a 2% premium applies for possession of a D-2 Certificate.
- Distribution D-3 Certificate: 2% premium where D-3 is not a minimum qualification.
- Premium Cap: Certification premiums are capped at 4%, except for employees receiving the 7% T-5 Standby Pool premium.

Shift Schedule: Shift schedules will be designated on the posted shift schedule.

Joint Labor-Management Committee (JLMC): The agreement introduces a Joint Labor-Management Committee to promote ongoing communication and collaboration between the District and the OA.

One Time Lump Sum Payment: A one-time, lump-sum, non-PERSable payment of \$3,000 will be provided to every member of the OA bargaining unit, in recognition of maintaining the existing standby pay provisions during the term of the MOU.

Medical: No change for 2026. Beginning in January 2027, pay 100% premium for all employees enrolled in a Kaiser medical plan or a lower cost plan. For employees enrolled in a higher cost plan, provide a standard benefit equal to 100% of the applicable Kaiser premium (depending on whether the employee has employee-only, two-party, or family coverage) and a supplemental benefit equal to 35% of the cost difference between the Kaiser premium and the premium for the selected, higher cost plan.

Medical: Increase Dual Health Coverage to 40% of the applicable Kaiser premium (based on whether the employee would be eligible for single, two-party, or family coverage).

Retiree Medical: Annually increase contributions to retiree health savings accounts based on the COLA applied that year with an initial increase of 3%.

MOU Updates: Minor technical revisions to MOU language.

If the Board authorizes the successor MOU, staff will work with legal counsel and OA to finalize the successor MOU language, and the final successor MOU will be signed by the District and OA bargaining teams. Staff will also implement the 5.00% one-time wage adjustment, followed immediately by the 3.00% COLA. Staff will also prepare a new consolidated salary schedule for adoption at the March Board meeting. These documents must be adopted by the Board at a Regular Meeting to ensure proper public posting and compliance with CalPERS' regulations regarding publicly available pay schedules.

The proposed successor MOU with OA demonstrates the District's commitment to its represented workforce by recognizing the need for competitive compensation, fair benefits, and improved working conditions. These enhancements will help the District attract and retain skilled employees, remain competitive in the labor market, and uphold fiscal stewardship and equity across employee groups.