

November 15, 2010

Roger Bailey, Director
Public Utilities Department
City of San Diego
9192 Topaz Way
San Diego, CA 92123

Dear Mr. Bailey:

Welcome to your new position as Director of Public Utilities. We haven't had an opportunity to meet and regrettably, the first letter of official business you receive from MEA is one expressing disappointment and concern regarding the Bid to Goal Update reported in the most recent department newsletter, "Pipeline," dated November 2010.

As you know, there is a long and rich history of successes, savings, benefits and features of the program. In short, department employees have saved the department, the city, and ratepayers hundreds of millions of dollars through the award winning Bid To Goal Program. MEA has been a Bid to Goal partner since 1997 when the first innovative pilot Bid to Goal Agreement originating in the Metropolitan Wastewater Department Operations and Maintenance Division was approved by City Council. In subsequent years, Bid to Goal was expanded to two divisions in the Water Department and in 2007 (effective FY08-FY12) a Wastewater department-wide five year MOU was adopted by the City Council.

Currently, there are two MOU's that have not expired: the MWWD MOU and Water Department Customer Support MOU which expires June 30, 2012 and June 30, 2011 respectively. The Water Department Operations Division MOU expired June 30, 2009.

The Public Utilities department and MEA began negotiating a department-wide successor MOU (Water) which absorbed the current Customer Support MOU and an amended MWWD MOU in July 2009, as the department was not prepared to meet prior to the expiration of the MOU. A tentative agreement was reached and ratified by MEA members in early June 2010. Pending the ratification by City Council, the MWWD and Customer Support MOUs remain in effect and are legally binding agreements.

Historically, subsequent to internal and external audits to validate Bid to Goal Program results, employees would normally receive their "gainsharing" payouts no later than the month of March (following the end of the previous fiscal year). For the FY09 agreement, employees were rightfully expecting to receive their incentive payouts in March 2009. The MWWD Gainsharing Guidebook stated, "Delivery of payouts should occur not later than March."

However, the department's recent "Pipeline" report states that "the final (FY 09) audit report must be submitted to the Audit Committee, which might happen in January or February 2011. Pending the Audit Committee's acceptance of this report, employee payouts can then begin to be processed."



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Despite employees acting in good faith, meeting and exceeding goals, working under an adopted MOU and a responsive and responsible employee bid, employees have been criticized, verbally abused and penalized by certain City Councilmembers with a political agenda. They have been waiting twenty months and it looks like it will be two years or more before they are compensated for their efforts and meeting their end of the agreement. We would respectfully ask that you work to rectify and/or offset this onerous action, and that you keep pushing to support and honor the City's end of the agreement and the spirit and intent of the program.

Not only are the employees waiting for their earned payouts from FY09, but they are now facing delays for FY10. The MWWD employees and Customer Support employees in Water are working under MOUs with terms that state that no later than November 30 a Performance Report will be submitted to management, an independent audit will be conducted, and a copy of the audit report shall be provided to each labor union. The language in each MOU varies slightly, without significant differences.

Although MWWD and Customer Support are working under unexpired MOUs, all other Water Department employees have been working in good faith and with assurances from department management that the ratified tentative agreements will eventually be placed on the docket for the Rules Committee and forwarded to City Council for adoption. FY10 has come and gone, and the employees still don't have a signed agreement with the City although they continue to work toward the established goals.

The "Pipeline" report states that the 2010 Annual Reports will be forwarded to the Audit Committee and City Council in early 2011 should a successor agreement be approved. But rather than waiting for the successor MOUs to be approved, we believe it would be prudent and an act of good faith on the part of the department to forward the annual performance reports for the third party audit in the interim so that the employees aren't looking at the possibility of waiting another two years for their well deserved payouts. If not for the political forces completely outside of the employees' control, the ratified MOUs would have been forwarded to City Council in June 2010.

In terms of FY 11, which we are now almost six months into, employees have lost trust and faith in the City to hold up its end of the bargain. With no MOU in place for Water employees other than Customer Support, and with no payouts even for those employees with MOUs in place, what positive incentives can you provide to employees to continue with blind faith to work "above and beyond" to meet the goals?

Again, welcome to your new position. I look forward to meeting with you soon and to a continuing discussion on this matter.

Sincerely,



Michael Zucchet
General Manager