

BARGAINING PREPARATION BEGINS

The term of the current Memorandum of Understanding (MOU) or contract covering the more than 10,000 State Bargaining Unit 9 employees runs through July 1, 2013. Your PECG Bargaining Team and CalHR (formerly DPA), representing the Governor, will be meeting in the coming months to negotiate a new contract.

The first step of the process is to ask you, the Unit 9 engineers and related professionals, what are your bargaining priorities? Which items or issues are most important to you? To answer that question, a Contract Bargaining Questionnaire has been emailed to all Unit 9 PECG members and fee-payers. Rather than mail a paper copy to be filled out and returned as we've done in the past, this time the questionnaire has been emailed to you. If you have received it, please take a few minutes to complete the questionnaire and submit it. Be assured that all responses are tabulated and the Bargaining Team reads all individual comments to help guide them in negotiating for your top priorities.

If you have not received the email questionnaire, please contact the PECG Sacramento office at (916) 446-0400 to have a copy emailed to you. If you did not get one, it is because we do not have your current email address or encountered some difficulty in transmitting it to you.

In contract bargaining, everything is subject to renegotiation -- salaries, benefits, working conditions, etc. Once the questionnaire results are tabulated, the PECG Bargaining Team will meet with the PECG Section Collective Bargaining Vice Presidents to analyze the results. Once bargaining proposals are established, the Bargaining Team will begin meeting with CalHR and state department representatives.

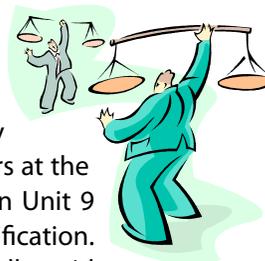


Bargaining in recent years has been hampered by massive state budget deficits, furloughs, late state budgets with the threat of minimum wage, all under the cloud of the national and worldwide economic recession. However, the outlook and atmosphere this year is considerably more optimistic.

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SUPERVISORY PAY INEQUITY

In July 2008, when Unit 9 employees received the last of the four salary parity raises, supervisors and managers did not receive a pay increase. The result is that supervisors at the Senior level are paid 10.1% less than Unit 9 Seniors, sometimes in the same classification. In a few cases, supervisors are actually paid less than some of the people they supervise.



PECG has been trying for more than four years to get that inequity remedied. We have obtained support from DPA/CalHR and several department heads but thus far the Governor's Department of Finance has refused to agree to the increase to correct the problem. PECG filed a claim which resulted in a lengthy

Administrative Hearing which was inconclusive. As that was a hearing on behalf of all supervisors, PECG has now started filing individual claims for supervisory Seniors who are performing at least the same level of responsibility as their Bargaining Unit counterparts to see if that can break the logjam of what has been essentially a political issue. Of course, the absence of a state budget deficit for the first time since 2008 provides an opportunity to convince the Governor's Office and its Department of Finance that now is the time to correct this longstanding inequity.



Meanwhile, PECG's Supervisory Meet and Confer Team is preparing a questionnaire for supervisors and managers to determine their priorities for upcoming meet and confer discussions with CalHR. It is anticipated that correcting the pay inequity will be the top priority, but the Meet and Confer Team wants to hear from the supervisors regarding their priorities on other items. This questionnaire will be disseminated in a few weeks. The Meet and Confer Team thanks the PECG membership for their continuing support during difficult times.



PECG HEADQUARTERS

(916) 446-0400
 455 Capitol Mall, Suite 501
 Sacramento, CA 95814

PECG LOS ANGELES

(818) 500-9941
 215 N. Marengo Ave., Suite 185
 Pasadena, CA 91101

PECG SAN FRANCISCO

(415) 861-5720
 1 Sutter Street, Suite 800
 San Francisco, CA 94104

PECG TELEPHONE "HOTLINE"

Sacramento Callers
 (916) 446-PECG
 Outside Sacramento
 (800) 403-2845

PECG INSURANCE INFO

(415) 956-1344

FAX

Headquarters
 (916) 446-0489
 Los Angeles
 (818) 247-2348
 San Francisco
 (415) 861-5360

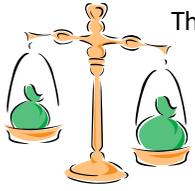
PECG TOLL FREE NUMBERS

Sacramento
 (800) 338-1480
 Los Angeles
 (800) 834-3515
 San Francisco
 (800) 924-5575

VISIT PECG ON THE WEB@

www.pecg.org

STATE BUDGET OUTLOOK BRIGHTENS



Thanks to an improving economy and the state revenue increases resulting from voter approval of Propositions 30 and 39 on the November ballot, the Governor's January Budget Proposal projected a balanced budget without a deficit for the next eighteen months running through June 2014. This is in sharp contrast to projected multi-billion dollar budget deficits in recent years.

The Legislative Analyst estimated a \$1.9 billion deficit in November but now agrees with the Governor's projection of no deficit at all. In his State of the State speech, the Governor continued his theme of fiscal restraint, advocating "living within our means and not spending what we don't have." However, he also proposed (or continued proposing) substantial programs such as funding for transportation, high-speed rail, proposed tunnels under the Delta, investing in education, and expanding California's leadership in renewable energy, while simultaneously seeking to reduce the "wall of debt" which adversely affects California's bond and credit rating.

His budget proposal ends furloughs and includes money for the additional 3% increase to the top step for all PEGC-represented employees (Unit 9, supervisory and managerial). It does not provide for the potential results of contract negotiations this spring or correct the pay inequity for supervisors. Although increasing staffing for the Energy Commission by 58 positions, his budget proposal otherwise largely maintains or slightly increases the status quo in staffing for most departments. All of this can and probably will be modified when the Governor issues his updated May Revise budget proposal later this spring.



For Caltrans, the largest department employing PEGC members, staff has been gradually reduced in recent years through attrition, even though the department currently has the largest construction program in its history. Meanwhile, the next large transportation infrastructure project on the horizon is ... ↪

HIGH-SPEED RAIL



In 2008 the voters approved a nearly \$10 billion bond (Proposition 1A) for high-speed rail which requires matching funds from other sources. In 2010, the federal government agreed to contribute \$3 billion which, when matched with an equal amount of Prop. 1A bond money, was enough to get the \$68 billion project started.

The initial segment to be constructed is in the Central Valley, which immediately stirred up considerable controversy. The Legislative Analyst recommended that Caltrans assume responsibility for proceeding with the project due to its experience with major transportation projects and programs. U.S. Senator Dianne Feinstein and others encouraged substantial participation by Caltrans. However, the High-Speed Rail Authority (HSRA) decided to utilize Parsons Brinckerhoff to serve as Program Manager and outsource all of the work, except for the relocation of Route 99 in Fresno which would be designed, built, and inspected by Caltrans.



The Authority plans to award a design-build contract in which the contractor would inspect, verify, validate, and "self-certify" its own construction. Other consultants would be precluded from duplicating or "assuming any of the roles assigned to" the design-build contractor. As the Authority does not plan to hire any inspectors and has not contracted with Caltrans to do the work, PEGC has raised concerns regarding safety. The *Associated Press*, several television stations and newspapers, and legislators have now raised questions and concerns about allowing a construction contractor to self-certify its own work without public inspectors on site during construction.

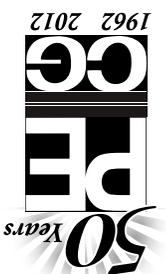
In addition to safety concerns, cost is also an issue. The Authority has been paying Parsons Brinckerhoff between \$350,000 and \$425,000 per person-year to work on this project, compared to the \$123,000 per year cost of a Caltrans Engineer. The total cost estimate for the project has more than doubled since voters approved the bond measure in 2008.

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