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MWD-union deal on pensions revoked

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A labor union deal that was to go before the Metropolitan Water District board for approval was withdrawn this week, officials said.

The MWD's nearly 2,000 employees were set to get a major boost in pension benefits Tuesday if board members agreed to the new contract.

But MWD General Manager Jeffrey Kightlinger, in consultation with board Chairman Timothy Brick, decided to renege on the deal during a closed session on Monday, officials said.

"We don't know what was discussed, but the outcome was the general manager made the decision and informed us the item would be withdrawn from consideration and the board would not vote on it now or ever," said Mike Milliner, executive vice president of the American Federation of State, County and Municipal Employees Local 1902.

Milliner's union represents about 80percent of those employed by the MWD.

While MWD officials told Milliner they were going to meet with advisers to discuss the next step, Milliner already knew what the union's next step would be.

"We are not going back in the room with those people," Milliner said. "We are going to pursue every remedy at our disposal to make sure the rights of our workers are protected."

In a prepared statement, Kightlinger said it was pointless to bring the contract to a board vote because it lacked the votes to pass.

"There is not support for moving forward with the proposal as currently structured," he wrote in a memo to employees.

Kightlinger recommended the initial agreement, and by withdrawing the offer he takes responsibility for its failure, rather than putting that responsibility on the shoulders of the board.

"We need to continue exploring a labor agreement that is in the interest of Metropolitan's ratepayers and its work force, which represents some of the best employees in the water business. Such an agreement must also be in the best interests of a board and management team, which continues to face tremendous economic and water supply challenges," Kightlinger said in the memo.

The contract worked out between MWD executives and the labor unions would have increased employees' pension to 2.5percent of their yearly salary per year of employment when they retire at age 55, up from 2percent per year.

The cost of the increase was estimated to be $70million, according to MWD reports.

In exchange, employees had agreed to eliminate New Year's Eve as a paid holiday and eight hours of personal leave time, and accepted a reduced 401(k) matching contribution from 4.5percent to 3percent.

The contract contained no salary increases in 2009, a 2percent increase in 2010 and a maximum increase of 7percent in salary based on inflation from 2011 to 2013.

Much criticism of the deal had stemmed from fears

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that unions would renegotiate a lower give-back for the retiree medical fund in five years.

Bill Robinson, an MWD board member, took particular exception to the financial risks posed by the deal.

"A permanent enforceable right exchanged for a temporary (union) give-back has obvious drawbacks," Robinson said. "You don't have to be a financial genius to know this."

Milliner said predicting the future can be tricky.

"(Critics) don't understand how good-faith negotiations work," he said. "The district and the unions share the same fears when it comes to those risks. It is just the nature of the process."

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