

COUNCIL ACTION FORM

SUBJECT: POWER PLANT FUEL CONVERSION – ELIMINATION OF COAL HANDLER POSITIONS

BACKGROUND:

Electric Services has two coal-fired high-pressure steam turbine electric generating units referred to as Units No. 7 and 8. These units are currently be converted to burn natural gas. To handle the coal, Electric Services has historically had four full time staff positions – three coal handlers and one lead coal handler. Their duties included receiving the coal, maintaining the coal pile, and transferring coal from the pile into the plant.

In November of 2013 the City Council decided to convert the primary fuel used at the City's Power Plant from coal to natural gas. By the end of March 2016, the conversion of Unit #8 from coal to natural gas will be complete and the Unit #7 conversion will start. This fuel transition makes the coal handler positions unnecessary. With natural gas delivery by pipe and no ability to store or maintain a natural gas reserve, there will be no need for equivalent natural gas handler positions.

Electric Services management has been working with the affected employees, offering them several alternatives. Two have transferred to employment in other City positions, and two have submitted retirement requests effective in May and June. Should these last two employees change their minds and not retire, however, they would by law have "bumping" rights into other Civil Service positions previously held.

Although it appears there will be no lay-offs or bumping due to the elimination of these positions, it is still prudent to treat this action as a "diminution of employees" (a diminishing or decreasing of employees; also known as a reduction in force). Therefore, the following actions are appropriate:

1. Per Section 12.2 of the City's labor contract with the International Union of Operating Engineers Local 234, the City Council should declare by resolution that the public interest requires a layoff of employees.
2. Per Section 400.28 of the Code of Iowa, when the public interest requires a diminution of employees in a classification or grade under Civil Service, the City Council, acting in good faith, may take one of the following two actions:
 - a. Council may abolish the office and remove the employee from the classification,
 - b. Council may reduce the number of employees in any classification or grade by suspending the necessary number.

Rather than abolish the offices of coal handler and lead coal handler as in 2(a) above, it is recommended that Council reduce the number of employees to zero as in 2(b) above. Under state Civil Service law, either option will lead to the creation of a “preferred list” by the City’s Civil Service Commission. Such a list guarantees laid off employees the “first right” to re-fill these positions in the event that the City needs coal handlers over the next three years. In actuality, there is virtually no chance of that occurring, since the City has entered into a five-year agreement to purchase natural gas.

Staff anticipates that by April 1st Unit #8 will be operating on natural gas, and that Unit #7 will be undergoing its conversion from coal to natural gas. Following the last use of coal for generation, the two remaining coal handlers will be retained until their scheduled retirements to clean and mothball equipment, offices and material handlers, and to carry out needed site work at the coal yard.

Although the four coal handler positions will then be vacant, staff is not recommending a reduction in authorized staffing levels at this time. These FTE are being reviewed by staff for possible reclassification into other technical positions within Electric Services to fill other pressing needs.

ALTERNATIVES:

1. The City Council may authorize a layoff of the lead coal handler and coal handler by taking these two actions:
 - a. Declare by resolution that the public interest requires a layoff of these two employees.
 - b. Reduce the number of employees in the lead coal handler and coal handler classifications by suspending one individual in each position.
2. Defer action on this recommendation and continue to employ individuals in these two positions even after the transition from coal to natural gas is complete.

MANAGER'S RECOMMENDED ACTION:

With the conversion of the Power Plant from coal to natural gas, it is prudent to adjust Electric Services’ staffing needs to properly match the Plant’s requirements and to follow requirements spelled out in the Code of Iowa and the pertinent labor contract. Since coal will no longer be used as fuel, the need for coal handlers will no longer exist. Fortunately, two of the original four affected FTE positions have moved to other positions, and the remaining two have agreed to retire by this summer.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.