

**City of Garden Grove**

**INTER-DEPARTMENT MEMORANDUM**

To:	Matthew J. Fertal	From:	John D.R. Clark
Dept:	City Manager	Dept:	Human Resources
Subject:	APPROVE RESOLUTION IMPLEMENTING MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY AND THE GARDEN GROVE POLICE MANAGEMENT ASSOCIATION	Date:	August 25, 2009

**OBJECTIVE**

This letter requests City Council approval for a resolution implementing a new two (2) year Memorandum of Understanding (MOU) with the Garden Grove Police Management Association ("PMU").

**BACKGROUND**

At the direction of the City Council, management and the Union have bargained since February 2009, on wages, benefits and working conditions. Both sides recognized the difficult financial circumstances facing the City and worked diligently to arrive at affordable and responsible terms.

Traditionally, this Union has been given the same wage terms as the Garden Grove Police Association (GGPA), though in prior years the other terms and conditions of employment were explicitly set the same as for the non-union Middle Management unit. The sticking point in these negotiations was the insistence by the PMU that they receive the same increased retirement sick leave payout granted to GGPA in their new contract, but not capped at 1,000 hours.

**DISCUSSION**

The new MOU provides for no (0%) salary increase throughout fiscal year 2009-10 and a salary adjustment of 2.0% in fiscal year 2010-11. Veteran's Day is to be added as a holiday, and Union members also receive an increase of two (2) hours a month in sick leave accrual to be consistent with the same change given to GGPA. As with the City's other units, this MOU also provides for no (0%) increase in fringe benefit contribution, although there is a non-binding reopener in fiscal year 2010-11 if the PERS Health average rate increase is more than 5%.

As bargaining progressed, it became apparent that the sick leave payout at retirement was the only substantial roadblock to agreement. Most of our safety retirees stay on the job until they reach their 90% pension plateau and thus do not receive the key benefit of saving as much sick leave as possible: having your leftover sick leave added to one's total years of service in PERS.

Thus, the issue of sick leave payout at retirement has been a major source of tension in police negotiations. The City has for decades provided for some payout of sick leave at retirement (if not used to extend PERS service credit) as an incentive for employees to use less sick leave. For most non-safety employees, the payout cap is 50¢/dollar applied to no more than 1,000 hours of sick leave balance (e.g., a person with 1,500 hours of sick leave would receive: hourly wage x 0.5 x 1,000 hours). Management employees receive the same benefit, but without a cap (e.g., hourly wage x 0.5 x all sick leave balance hours). But, as noted, most non-safety employees add their sick leave balance to PERS service time, making this issue moot. The Fire Union has "annual leave," which combines vacation and sick leave, so they're not germane to this discussion.

GGPA has had a sick leave payout provision for 20+ years. Tense negotiations in the early 1990s – lasting nearly a year – first imposed a cap of 1,000 hours on the sick leave balance that the payout could be applied to. In the past several negotiations with GGPA, the issue of raising the payout percentage from 50¢/dollar to 75¢/dollar (with the 1,000 cap) was a major issue. In exchange for reducing the court callback time from 3 weeks to 1 week, management negotiators agreed to the increase to 75¢/dollar. Reducing court callback is projected to save the City some \$100,000 in overtime each year, far more than the estimated increase of \$30,000 from moving the payout from 50¢ to 75¢.

As noted earlier, PMU has traditionally been given the same wage increases as the GGPA, but all other aspects have been the same as for Middle Managers. Thus, for nearly 20 years, GGPA members received 50¢/dollar applied to no more than 1,000 hours of sick leave balance, while PMU received 50¢/dollar applied to any amount of sick leave balance. Police Management argued that the new GGPA MOU, with its change to 75¢/dollar, meant that they should receive the same increase, to 75¢/dollar, but with no cap on hours.

This point of contention frustrated negotiations for months. To try and break the deadlock, the City's negotiators specifically addressed the issue of whether the PMU's terms should be modeled generally on those of GGPA, or those of middle managers, ultimately deciding that GGPA is a more logical analogue. This distinction led to a fresh round of negotiations in June and July. These negotiations again bogged down because while the City was willing to offer 75¢/\$1 applied to no

more than 1,000 hours (exactly the same as GGPA), PMU was unwilling to accept the 1,000 hour cap.

Numerous sessions ensued, and eventually a 3-part compromise was arrived at:

5 PMU members hired pre-1985 = 75¢/dollar applied to any amount of SL balance

5 PMU members hired after 1985 but in the unit as of 7-1-09 =

75¢/dollar applied to first 1,000 hrs of SL balance  
50¢/dollar applied to any SL hours >1,000

Any PMU members after 7-1-09 = 75¢/dollar applied to no more than 1,000 hours of sick leave balance

The tentative agreement embodied in the attached MOU has been approved in a vote by Union members.

#### FISCAL IMPACT


The additional cost of the compromise is estimated to be about \$31,000 per member. Because retirements will be spread out over the next 10+ years for the current membership, the additional cost for this fiscal year is estimated to be \$58,751 and next fiscal year is estimated at \$26,165.

The costs associated with the proposed MOU are within the limits set in the City's Three-Year Financial Plan as outlined in the Council Retreat of January, 2009.

#### RECOMMENDATION

It is recommended that the City Council adopt the attached resolution and memorandum of understanding with the Garden Grove Police Management Association for the term of July 1, 2009 through June 30, 2011.

  
JOHN D.R. CLARK  
Director of Human Resources

**Recommended for Approval**  
  
**Matthew Fertal**  
City Manager

Attachments:        Resolution  
                             Memorandum of Understanding