

**City of Garden Grove  
INTER-DEPARTMENT MEMORANDUM**

<b>To:</b>	Matthew J. Fertal	<b>From:</b>	John D.R. Clark
<b>Dept:</b>	City Manager	<b>Dept:</b>	Human Resources
<b>Subj:</b>	Resolutions Amending Memoranda of Understanding to Provide for Extension of Term and Deferral of Wage Increases	<b>Date:</b>	March 23, 2010

**OBJECTIVE:**

This letter requests City Council approval for seven resolutions implementing amendments to the City's Memoranda of Understanding with all five unions (The Garden Grove Police Association, the Garden Grove Chapter of the Orange County Employee's Association, The Garden Grove Employees' League Chapter of the Orange County Employee's Association, the International Association of Fire Fighters – Garden Grove Local #2005, and the Police Management Association) and both unrepresented groups: middle managers and central managers.

All of the amendments extend the existing agreements or resolutions by one year, and defer any wage increase such that FY 2010-11 will be another no-increase or "0%" year, like FY 2009-10.

**BACKGROUND:**

At the direction of the City Council, management and the various unions reopened the existing agreements in February, 2010 to meet and confer in good faith on modifications necessary to avoid layoffs. Both sides recognized the difficult financial circumstances facing the City and worked diligently to arrive at tangible reductions.

In the end, the amendments agreed-to by all five unions and proposed for extension to the non-union units are essentially the same: duration will in all cases be extended for a year, and the 2% or equivalent wage increases slated for July 1, 2010 will be deferred for a year and take effect instead July 1, 2011. This means the City will enjoy an unprecedented two-year period of no (0%) wage increases.

Thus:

<u>Existing contracts</u>	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>FY 12-13</u>
Association, League, Middle Managers, Central Managers	0%	2%	2%	expired
Police, Police Management	0%	2%	expired	expired

AMENDMENTS TO MOUs  
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Fire Fighters	0%	Longevity*	Longevity*	expired
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*\*the cost of longevity pay for fire fighters equals 2% but distributes the increase solely to more senior union members.*

<u>Proposed Amendments</u>	<u>FY 09-10</u>	<u>FY 10-11</u>	<u>FY 11-12</u>	<u>FY 12-13</u>
Association, League, Middle Managers, Central Managers	0%	0%	2%	2%
Police, Police Management	0%	0%	2%	expired
Fire Fighters	0%	0%	Longevity	Longevity

Instead of 2-year agreements with the police units and 3-year agreements with everyone else, we'll have 3-year agreements with police and 4-year agreements with all other units.

Provisions for non-binding reopeners in the event of over-5% increases in health insurance costs and the "me-too" clauses for the Association and League are extended an additional year as well. All of the proposed amendments also include a new reopener, which either side may exercise during the period February 15-March 15, 2011, to allow for renewed talks in the event of significant further budget problems. This is consistent with staff's promise to the City Council of a formal opportunity to revisit costs with the unions after the mid-year (FY 2010-11) budget review, which will be ready around February 1, 2011 and cover the period July 1, 2010 through December 31, 2010.

The tentative agreements are also predicated on the City offering the PERS 2-Year Service Credit option (2YSC), as was outlined at the March 9, 2010 City Council meeting. The 2YSC is projected to save \$1,200,000 in FY 2010-11, over and above savings from wage increase deferrals.

FISCAL IMPACT:

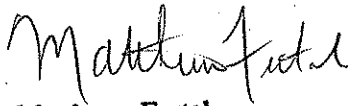
Adoption of the proposed amendments are estimated to save \$1,500,000 in General Fund costs in FY 2010-11, and another \$30,000 in FY 2011-12. Another \$325,000 will be saved in other funds (e.g., Water, Sewer, Trash, Housing, etc.); these additional savings will help maintain the health of these funds and may, in some circumstances, allow for additional General Fund cost recovery.

RECOMMENDED ACTION:

It is recommended that the City Council approve the following Resolutions:

- Resolution amending the 2009-2011 Memorandum of Understanding between the City and the **Garden Grove Police Association** to provide for an extension of term and deferral of wage increase.
- Resolution amending the 2009-12 Memorandum of Understanding between the City and the Garden Grove Chapter of the **Orange County Employees' Association** to provide for an extension of term and deferral of wage increase.
- Resolution amending the 2009-12 Memorandum of Understanding between the City and the Orange County Employees' Association - **Garden Grove Employees' League** to provide for an extension of term and deferral of wage increase.
- Resolution amending the 2009-12 Memorandum of Understanding between the City and the **International Association of Fire Fighters**, Garden Grove Local 2005 to provide for an extension of term and deferral of wage increase.
- Resolution amending the 2009-2011 Memorandum of Understanding between the City and the **Garden Grove Police Management Association** to provide for an extension of term and deferral of wage increase.
- Resolution amending Resolution 8887-09 revising terms for **Central Management** classifications to provide for a one-year extension and deferral of wage increase.
- Resolution amending Resolution 8889-09 revising terms for **Middle Management** classifications to provide for a one-year extension and deferral of wage increase.

  
JOHN D.R. CLARK  
Human Resources Director

Recommended for Approval  
  
Matthew Ferial  
City Manager

attachment: Resolutions

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE  
AMENDING THE MEMORANDUM OF UNDERSTANDING ON SALARIES, WAGES, AND  
FRINGE BENEFITS FOR THE TERM 2009-2011 BY AND BETWEEN THE GARDEN  
GROVE POLICE ASSOCIATION AND THE CITY OF GARDEN GROVE

WHEREAS, the City Council of the City of Garden Grove understands the need for increased cost savings to close a deficit between revenues and expenditures in an expeditious fashion;

WHEREAS, the Garden Grove Police Association shares this concern and believes a solid fiscal foundation to be essential to its member's well-being;

WHEREAS, the Garden Grove Police Association and City Management have met and conferred in good faith on joint solutions to this pressing need; and

WHEREAS, the Garden Grove Police Association and City Management have reached tentative agreement on changes to the Memorandum of Understanding (MOU) to insure a financially-sound future.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE DOES HEREBY RESOLVE:

Section 1. The Memorandum of Understanding on Salaries, Wages, and Fringe Benefits 2009-2011, by and between the Garden Grove Police Association and the City of Garden Grove as approved and adopted by City Council Resolution No. 8882-09 is hereby amended as follows:

A. The term of this MOU shall be extended one full year, i.e., the new term of the MOU shall be July 1, 2009 through June 30, 2012.

B. Article II, Section 1 ("Wages") is amended to read as follows:

a. First Year

The City shall provide no (0%) salary increase during the first year, fiscal year 09-10.

b. Second Year

The City shall provide no (0%) salary increase during the second year, fiscal year 10-11.

c. Third Year

The City shall provide a two percent (2%) salary increase to be effective the first full pay period after July 1, 2011.

d. Reopener

During the periods of February 15 through March 15, 2011, and February 15 through March 15, 2012, either the City or Union may request to meet and confer in good faith, with the goal of seeking mutual solutions to worsening fiscal conditions, or, conversely, to revisit wage provisions in the event of better-than-projected revenues.

C. Article III, Section 4 (City Fringe Benefit Contribution – Reopener) is amended to read as follows:

During fiscal year 2010-11 and/or fiscal year 2011-12, the Police Association may request that the City meet and confer in good faith on the City's cafeteria contribution if the most recent preceding average increase for the PERS Health Plan (Public Employees' Medical and Hospital Care Act; "PEMHCA") is more than five percent (5%) as announced by PERS.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE AMENDING THE MEMORANDUM OF UNDERSTANDING ON SALARIES, WAGES, AND FRINGE BENEFITS FOR THE TERM 2009-2012 BY AND BETWEEN THE GARDEN GROVE CHAPTER OF THE ORANGE COUNTY EMPLOYEES' ASSOCIATION AND THE CITY OF GARDEN GROVE

WHEREAS, the City Council of the City of Garden Grove understands the need for increased cost savings to close a deficit between revenues and expenditures in an expeditious fashion;

WHEREAS, the Garden Grove Chapter of the Orange County Employees' Association shares this concern and believes a solid fiscal foundation to be essential to its member's well-being;

WHEREAS, the Garden Grove Chapter of the Orange County Employees' Association and City Management have met and conferred in good faith on joint solutions to this pressing need; and

WHEREAS, the Garden Grove Chapter of the Orange County Employees' Association and City Management have reached tentative agreement on changes to the Memorandum of Understanding (MOU) to insure a financially-sound future.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE DOES HEREBY RESOLVE:

Section 1. The Memorandum of Understanding on Salaries, Wages and Fringe Benefits 2009-2012, by and between the Garden Grove Chapter of the Orange County Employees' Association and the City of Garden Grove as approved and adopted by City Council Resolution No. 8881-09 is hereby amended as follows:

A. The term of this MOU shall be extended one full year, i.e., the new term of the MOU shall be October 1, 2009, through September 30, 2013.

B. Article II, Section 1 ("Wages") is amended to read as follows:

a. Fiscal Year 2009-10 (October 1, 2009 through June 30, 2010)

The City shall provide no (0%) salary increase during fiscal year 2009-10.

b. Fiscal Year 2010-11 (July 1, 2010 through June 30, 2011)

The City shall provide no (0%) salary increase during fiscal year 2010-11.

c. Fiscal Year 2011-12 (July 1, 2011 through June 30, 2012)

The City will provide a two percent (2%) salary increase to all represented classifications listed in Exhibit A to be effective the first full pay period after July 1, 2011.

- d. Fiscal Year 2012-13 and through the end of the contract term (July 1, 2012 through September 30, 2013)

The City will provide a two percent (2%) salary increase to all represented classifications listed in Exhibit A to be effective the first full pay period after July 1, 2012.

- e. Wage Reopener

Beginning FY 2011-12 and through the end of the contract term (September 30, 2013), if another union or association is granted a general wage increase in excess of two percent (2%) in Fiscal Year 2011-12 or two percent (2%) in Fiscal Year 2012-13, the Association may request that the City meet and confer in good faith on extending the same wage increase to the Association.

- f. Budget Reopener

During the periods of February 15 through March 15, 2011, and February 15 through March 15, 2012, either the City or the Union may request to meet and confer in good faith, with the goal of seeking mutual solutions to worsening fiscal conditions or, conversely, to revisit wage provisions in the event of better-than-projected revenues.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE  
AMENDING THE MEMORANDUM OF UNDERSTANDING ON SALARIES, WAGES, AND  
FRINGE BENEFITS FOR THE TERM 2009-2012 BY AND BETWEEN THE GARDEN  
GROVE EMPLOYEE'S LEAGUE CHAPTER OF THE ORANGE COUNTY EMPLOYEES'  
ASSOCIATION AND THE CITY OF GARDEN GROVE

WHEREAS, the City Council of the City of Garden Grove understands the need for increased cost savings to close a deficit between revenues and expenditures in an expeditious fashion;

WHEREAS, the Garden Grove Employee's League Chapter of the Orange County Employees' Association shares this concern and believes a solid fiscal foundation to be essential to its member's well-being;

WHEREAS, the Garden Grove Employee's League Chapter of the Orange County Employees' Association and City Management have met and conferred in good faith on joint solutions to this pressing need; and

WHEREAS, the Garden Grove Employee's League Chapter of the Orange County Employees' Association and City Management have reached tentative agreement on changes to the Memorandum of Understanding (MOU) to insure a financially-sound future.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE DOES HEREBY RESOLVE:

Section 1. The Memorandum of Understanding on Salaries, Wages and Fringe Benefits 2009-2012, by and between the Garden Grove Employee's League Chapter of the Orange County Employees' Association and the City of Garden Grove as approved and adopted by City Council Resolution No. 8879-09 is hereby amended as follows:

A. The term of this MOU shall be extended one full year, i.e., the new term of the MOU shall be October 1, 2009 through September 30, 2013.

B. Article II, Section 1 ("Wages") is amended to read as follows:

a. Fiscal Year 2009-10 (October 1, 2009 through June 30, 2010)

The City shall provide no (0%) salary increase during fiscal year 2009-10.

b. Fiscal Year 2010-11 (July 1, 2010 through June 30, 2011)

The City shall provide no (0%) salary increase during fiscal year 2010-11.



c. Fiscal Year 2011-12 (July 1, 2011 through June 30, 2012)

The City will provide a two percent (2%) salary increase to all represented classifications listed in Exhibit A to be effective the first full pay period after July 1, 2011.

d. Fiscal Year 2012-13 and through the end of the contract term (July 1, 2012 through September 30, 2013)

The City will provide a two percent (2%) salary increase to all represented classifications listed in Exhibit A to be effective the first full pay period after July 1, 2012.

e. Wage Reopener

Beginning FY 2011-12 and through the end of the contract term (September 30, 2013), if another union or association is granted a general wage increase in excess of two percent (2%) in Fiscal Year 2011-12 or 2% in Fiscal Year 2012-13, the Association may request that the City meet and confer in good faith on extending the same wage increase to the Association.

f. Budget Reopener

During the periods of February 15 through March 15, 2011, and February 15 through March 15, 2012, either the City or the Union may request to meet and confer in good faith, with the goal of seeking mutual solutions to worsening fiscal conditions or, conversely, to revisit wage provisions in the event of better-than-projected revenues.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE  
AMENDING THE MEMORANDUM OF UNDERSTANDING ON SALARIES, WAGES, AND  
FRINGE BENEFITS FOR THE TERM 2009-2012 BY AND BETWEEN THE  
INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS, GARDEN GROVE LOCAL 2005  
AND THE CITY OF GARDEN GROVE

WHEREAS, the City Council of the City of Garden Grove understands the need for increased cost savings to close a deficit between revenues and expenditures in an expeditious fashion;

WHEREAS, the International Association of Fire Fighters, Garden Grove Local 2005 shares this concern and believes a solid fiscal foundation to be essential to its member's well-being;

WHEREAS, the International Association of Fire Fighters, Garden Grove Local 2005 and City Management have met and conferred in good faith on joint solutions to this pressing need; and

WHEREAS, the International Association of Fire Fighters, Garden Grove Local 2005 and City Management have reached tentative agreement on changes to the Memorandum of Understanding (MOU) to insure a financially-sound future.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE DOES HEREBY RESOLVE:

Section 1. The Memorandum of Understanding on Salaries, Wages, and Fringe Benefits 2009-2012, by and between the International Association of Fire Fighters, Garden Grove Local 2005 and the City of Garden Grove as approved and adopted by City Council Resolution No. 8883-09 is hereby amended as follows:

A. The term of this MOU shall be extended one full year, i.e., the new term of the MOU shall be July 1, 2009 through June 30, 2013.

B. Article II, Section 1 ("Wages") is amended to read as follows:

a. First Year

The City shall provide no (0%) salary increase during the first year, fiscal year 09-10.

b. Second Year

The City shall provide no (0%) salary increase during the second year, fiscal year 10-11.

c. Third Year

Effective the first full pay period after July 1, 2011, the City will implement Longevity Pay as outlined below.

d. Reopener

During the periods of February 15 through March 15, 2011, and February 15 through March 15, 2012, either the City or the Union may request to meet and confer in good faith, with the goal of seeking mutual solutions to worsening fiscal conditions.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE AMENDING THE MEMORANDUM OF UNDERSTANDING ON SALARIES, WAGES, AND FRINGE BENEFITS FOR THE TERM 2009-2011 BY AND BETWEEN THE GARDEN GROVE POLICE MANAGEMENT ASSOCIATION AND THE CITY OF GARDEN GROVE

WHEREAS, the City Council of the City of Garden Grove understands the need for increased cost savings to close a deficit between revenues and expenditures in an expeditious fashion;

WHEREAS, the Garden Grove Police Management Association shares this concern and believes a solid fiscal foundation to be essential to its member's well-being;

WHEREAS, the Garden Grove Police Management Association and City Management have met and conferred in good faith on joint solutions to this pressing need; and

WHEREAS, the Garden Grove Police Management Association and City Management have reached tentative agreement on changes to the Memorandum of Understanding (MOU) to insure a financially-sound future.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE DOES HEREBY RESOLVE:

Section 1. The Memorandum of Understanding on Salaries, Wages and Fringe Benefits 2009-2011, by and between the Garden Grove Police Management Association and the City of Garden Grove as approved and adopted by City Council Resolution No. 8922-09 is hereby amended as follows:

- A. Section 3: Salary Range Schedule for Police Management Classifications for Fiscal Years 2009-2010 and 2010-2011, shall read as follows:

SECTION 3: SALARY RANGE SCHEDULE FOR POLICE MANAGEMENT CLASSIFICATIONS FOR FISCAL YEARS 2009-2010, 2010-2011, AND 2011-2012

- A. First Year: (July 1, 2009 – June 30, 2010)

The City shall provide no (0%) salary increase during the first year, fiscal year 09-10.

- B. Second Year: (July 1, 2010 – June 30, 2011)

The City shall provide no (0%) salary increase during the second year, fiscal year 10-11.

C. Third Year: (July 1, 2011 – June 30, 2012)

The City shall provide a two percent (2%) salary increase to the classifications of Police Lieutenant and Police Captain to be effective the first full pay period after July 1, 2011.

B. Section 4: Fringe Benefits, Part A – Fringe Benefit Contribution, Subpart iv, shall read as follows:

- iv. During fiscal year 2010-11 and/or fiscal year 2011-12, the Police Management Association may request that the City meet and confer in good faith on the City's cafeteria contribution if the most recent preceding average increase for the PERS Health Plan (Public Employees' Medical and Hospital Care Act; "PEMHCA") is more than five percent (5%) as announced by PERS.

C. Section 7: Effective Date and Term, shall read as follows:

SECTION 7: EFFECTIVE DATE AND TERM

The provisions of this MOU shall be effective July 1, 2009 – June 30, 2012, unless extended by mutual agreement or superceded by subsequent Resolution or Ordinance.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE  
AMENDING RESOLUTION NO. 8887-09 ESTABLISHING A SALARY PLAN FOR  
CERTAIN POSITIONS IN CENTRAL MANAGEMENT CLASSIFICATIONS AND  
EXEMPTING CENTRAL MANAGEMENT CLASSIFICATIONS FROM MUNICIPAL CODE  
SECTION 2.44.390 AND OVERTIME

WHEREAS, the City Council of the City of Garden Grove understands the need for increased cost savings to close a deficit between revenues and expenditures in an expeditious fashion;

WHEREAS, the Central Management employees share this concern and believe a solid fiscal foundation to be essential to its member's well-being; and

WHEREAS, the City Manager wishes to extend the same provisions as agreed-to by the Orange County Employees' Association to unrepresented employees, to further the goal of insuring a financially-sound future.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE DOES HEREBY RESOLVE:

Section 1. Resolution No. 8887-09 is hereby amended as follows:

- A. Section 2: Salary Adjustment for Fiscal Year 2010-2011, is amended to read as follows:

SECTION 2: SALARY ADJUSTMENT FOR FISCAL YEAR 2010-2011

There shall be no (0%) change to salary ranges during Fiscal Year 2010-2011.

- B. There shall be inserted a new Section 3.5, to read as follows:

SECTION 3.5: SALARY ADJUSTMENT FOR FISCAL YEAR 2012-2013

Effective the first full pay period following July 1, 2012, the salary range of each classification listed in this Resolution will be increased by two percent (2%).

- C. Section 12: Effective Date, is amended to read as follows:

SECTION 12: EFFECTIVE DATE

The provisions of this Resolution shall be effective July 1, 2009, through June 30, 2013.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE  
AMENDING RESOLUTION NO. 8889-09 ESTABLISHING A SALARY PLAN FOR  
CERTAIN POSITIONS IN MIDDLE MANAGEMENT CLASSIFICATIONS AND  
EXEMPTING MIDDLE MANAGEMENT CLASSIFICATIONS FROM MUNICIPAL CODE  
SECTION 2.44.390 AND OVERTIME

WHEREAS, the City Council of the City of Garden Grove understands the need for increased cost savings to close a deficit between revenues and expenditures in an expeditious fashion;

WHEREAS, the Middle Management employees share this concern and believe a solid fiscal foundation to be essential to its member's well-being; and

WHEREAS, the City Manager wishes to extend the same provisions as agreed-to by the Orange County Employees' Association to unrepresented employees, to further the goal of insuring a financially-sound future.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GARDEN GROVE DOES HEREBY RESOLVE:

Section 1. Resolution No. 8889-09 is hereby amended as follows:

- A. Section 3: Salary Adjustment for Fiscal Year 2010-2011, is amended to read as follows:

SECTION 3: SALARY ADJUSTMENT FOR FISCAL YEAR 2010-2011

There shall be no (0%) change to salary ranges during Fiscal Year 2010-2011.

- B. There shall be inserted a new Section 4.25, to read as follows:

SECTION 4.25: SALARY ADJUSTMENT FOR FISCAL YEAR 2012-2013

Effective the first full pay period following July 1, 2012, the salary range of each classification listed in this Resolution will be increased by two percent (2%).

- C. Section 15: Effective Date, is amended to read as follows:

SECTION 15: EFFECTIVE DATE

The provisions of this Resolution shall be effective July 1, 2009, through June 30, 2013.