

City of Garden Grove
INTER-DEPARTMENT MEMORANDUM

To:	Matthew J. Fertal	From:	John D.R. Clark
Dept:	City Manager	Dept:	Human Resources
Subj:	POLICE UNION MOU EXTENSION	Date:	April 26, 2011

BACKGROUND

In the fall of 2010, the police union requested to meet and confer over their raise set to go into effect July, 2011. Specifically, they requested that 0.6% of the raise be instead allocated to their proprietary retiree medical trust, thus reducing their July 2011 raise from 2% to 1.4%. The union was desirous of this 0.6% payment occurring as soon as possible after January 1, 2011, as their trust would otherwise be forced to lower payments to retired members. The extra strain on the medical trust is due to much lower interest rates on investments and the large number of retirees who took the "golden handshake" last August.

DISCUSSION

HR staff met and conferred with the union informally on two occasions and formally twice more. In exchange for the early carve-out payment to the medical trust, the City sought a 1-year extension to the current MOU. All of the other City bargaining units are on a schedule whereby the MOUs expire June 30, 2013. The police union in the 2009 negotiations insisted on a shorter duration, ostensibly because they feared the impact of increasing health insurance costs. As a result, their MOU is set to expire one year earlier than the others, June 30, 2012.

Having all of the bargaining groups on the same contract schedule is desirable because any one union cannot be advantaged or disadvantaged by negotiating apart from the other units. The first union to bargain may tend to set the pattern for subsequent negotiations, assuming a good financial climate; by the same token, the first to negotiate in a bad climate may be given a lesser deal than might have otherwise been available. Since contract terms should be reflective of the financial condition at the time of negotiations coupled with reasonable forecasts of the near future, having all unions on the same schedule aids the City's financial planning.

RESULTS

The basic tradeoff for the City's consent to an early 0.6% carve-out of the July 2011 raise for the union's medical trust is a one-year extension to the police union MOU, under the same terms as provided all the other unions: a 2% raise effective July 2012 for the period of the extension: July, 2012 through June, 2013. As is the nature of

POLICE MOU EXTENSION

April 26, 2011

Page 2

labor negotiations, discussions ensued on many other tangential and relatively minor issues revolving around work rules and such. At the conclusion of bargaining, the City and the union reached a tentative agreement, subject to the approval of the City Council and the union membership, providing for the following:

- Additional year to contract term: July 1, 2012 to June 30, 2013. 2% increase to pay to take effect first full pay period after July 1, 2012. (Same as for other unions)
- Take 0.6% of the 2.0% raise due to union members the first full pay period of July, 2011, and instead pay it to the union retiree medical trust. Remaining 1.4% of the 2.0% raise granted as planned in the first full pay period after July 1, 2011. Pay the union an additional \$1,582 to cover lost interest from 1-1-11 to 5-1-11.

	<u>Current MOU</u>	<u>Proposed Extension</u>
2009-10	0%	0%
2010-11	0%	0.6% to medical trust
2011-12	2.0%	1.4%
2012-13	NA (<i>contract expires 6/12</i>)	2.0%

- Minor changes to work rules concerning use of compensatory time.
- Provide detectives with a paid 30-minute lunch, the same as given to all other specialty units (special investigations, gangs, motorcycles, etc.)

Last week, union members unanimously voted to accept this tentative contract amendment.

FINANCIAL IMPACT

Because the union is deleting the 0.60% special payment to their medical trust from their 2% raise due in July, 2011, there is no additional financial impact. Extending the contract for an additional year with the same raise as granted to all other unions (2% for the fiscal year 2012-13) aids the City in its financial planning for the next several years.

RECOMMENDED ACTION

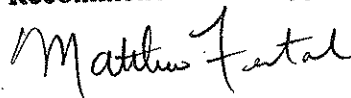
- Adopt the attached Resolution providing for an extension of the Memorandum of Understanding with the Garden Grove Police Association with the attendant changes contained therein; and
- Direct the Human Resources Director and Finance Director to implement its provisions with all deliberate speed.



JOHN D.R. CLARK
Human Resources Director/City Treasurer

attachment: Resolution

Recommended for Approval



Matthew Fernal
City Manager

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 the City Council in Resolution No. 8882-09 and subsequently amended by Resolution No. 8955-10 is hereby further amended as follows:

A. The term of this MOU shall again 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

The City shall provide a 1.4% salary increase to be effective the first full pay period after July 1, 2011.

d. Fourth Year

The City shall provide a 2% salary increase to be effective the first full pay period after July 1, 2012.

e. Reopener

During the periods of February 15 through March 15, 2011, and February 15 through March 15, 2012, either 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, fiscal year 2011-12, or fiscal year 2012-13; 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 5% as announced by PERS.

D. Article III, Section 5 (Retiree Medical Fund) is amended to read as follows:

a. Annual Payment

During the month of January each year, the City will calculate the value of 1.40% of salary and pay that amount toward an Association retiree medical trust fund on an ongoing basis. In so doing, the Association warranted that there were no legal barriers to the validity of the trust fund or to payment by the City to such a trust fund, and that by making any such payment, the City would assume no obligation or liability to the trust fund or its beneficiaries, or to the Association.

b. Special 2011 Payment

As soon as is practical after the enactment of this amendment, the City will calculate the value of 0.60% of salary and pay that amount toward an Association retiree medical trust fund as a special, one-time payment. In addition, at the same time, the City will pay the medical trust 4.1% annual interest (the interest rate earned by the Association retiree medical trust for the previous 12 months) on the 0.60% calculated amount for the time period from

1/1/11 to the date the payment is made (for example, payment is made 5/1/11 = 4 months x .034% (4.1%/12 months, i.e., the monthly interest rate) = 1.37% x 0.60% calculated amount = \$ interest owed).

- E. Article IV, Section 3 (Compensatory Time Bank (MOU)) is amended by adding a new subsection (c), to read as follows:

c. Payback Day Substitution

Employees will be able to use compensatory time (or vacation time) to cover no more than one (1) of the "payback" days that occurs every 28 days, each calendar year, with supervisory approval.

- F. Article IV, Section 5 (Mealtime Compensation) is amended to read as follows:

A thirty (30) minute paid meal period, when available, will be included in the shift of all employees assigned to call-for-service positions, including the Special Investigations Unit, as defined by the department. Except for officers assigned to work the major portion of their shift between 11 p.m. and 7 a.m., this break is to be taken within their assigned area or the Police Station, and must allow them to respond to emergency situations. A meal schedule allowing the taking of meals outside the employee's assigned area and other than at the Police Station will be established by the department for officers assigned to work a shift the majority of which is between 11 p.m. and 7 a.m. Officers assigned to administrative functions shall be permitted a thirty (30) minute non-paid meal break per shift. If a City vehicle is utilized for transportation to a meal site, the employee will notify the department of location for contact in case of emergency situations. Time spent in response to such calls shall be compensated at the normal overtime rate of the employee.