

City of Garden Grove
INTER-DEPARTMENT MEMORANDUM

To: Matthew J. Fertal
Dept: City Manager
Subj: POLICE MANAGEMENT UNION
MOU EXTENSION

From: John D.R. Clark
Dept: Human Resources
Date: May 10, 2011

OBJECTIVE

On April 26, 2011, the City Council approved a one-time payment to the Police Retiree Medical Trust on behalf of the Garden Grove Police Association. This action would extend the same provision to the Garden Grove Police Management Association (Lieutenants and Captains).

BACKGROUND

After meeting and conferring with the police management union, the City and union reached a tentative agreement, subject to City Council approval, to reallocate their 2% raise due in July, 2011 as follows: 0.6% as an immediate one-time payment to the retiree medical trust and the remaining 1.4% as a raise in July, 2011.

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 management 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.

Union members unanimously support this 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 Management Association with the attendant changes contained therein; and

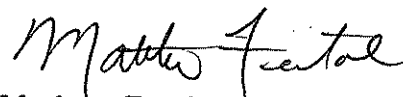
- Direct the Human Resources Director and Finance Director to implement its provisions with all deliberate speed.



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

attachment: Resolution

Recommended for Approval



Matthew Ferial
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 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; and

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; and

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 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 the City Council in Resolution 8922-09 and subsequently amended by Resolution 8959-10 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. Section 3: Salary Range Schedule for Police Management Classifications for Fiscal Years 2009-2010, 2010-2011, and 2011-2012 shall read as follows:

SECTION 3: SALARY RANGE SCHEDULE FOR POLICE MANAGEMENT CLASSIFICATIONS FOR FISCAL YEARS 2009-2010, 2010-2011, 2011-2012 AND 2012-2013

- 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 1.4% salary increase to the classifications of Police Lieutenant and Police Captain to be effective the first full pay period after July 1, 2011.

D. Fourth Year: (July 1, 2012 – June 30, 2013)

The City shall provide a 2% salary increase to the classifications of Police Lieutenant and Police Captain to be effective the first full pay period after July 1, 2012.

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

- iv. During fiscal year 2010-11, fiscal year 2011-12, and/or fiscal year 2012-13, 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 5% as announced by PERS.

D. Section 4: Fringe Benefits, Part D – Retiree Medical Contribution, shall read as follows:

- i. Effective July 1, 2000, the City shall contribute to the Police Association Retiree Medical Trust Fund (or a similar retiree medical premium plan) an amount equal to the average annual cost, but not to exceed 1% of salary for the positions of Police Lieutenant or Police Captain. The City will make this contribution beginning with calendar year 2000. In doing so, the Police Management Association warrants that there are 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 alternative plan) or its beneficiaries, or to the Police Management Association.
- ii. 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, on behalf of the Police Management

Association, as a special, one-time payment. In addition, at the same time, 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. 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, 2013 unless extended by mutual agreement or superseded by subsequent Resolution or Ordinance.