

GARDEN GROVE EMPLOYEES' ASSOCIATION MOU EXTENSION

May 8, 2012

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of salary (whichever is higher) to voluntarily resign. Although it is difficult to accurately estimate the employees who will leave under these two programs, my guess for these groups would be about 15.

The amendment also provides for a number of relatively small modifications that deal with specific situations arising out of the furlough and/or extension, such as limitations on vacation sellback, maintaining accrual rates at current levels, and provisions for callback, standby, and overtime occurring on furlough days.

Yesterday, union members voted by a wide margin to accept this tentative contract amendment.

FINANCIAL IMPACT

In addition to avoiding the additional cost of the 2% wage increase set in the current contract for July, 2012, this amendment will also reduce employee's wages, through the furlough, by 9.97% over the May, 2012—June 2014 time period. Against those savings, the City will be obligated to increase wages by 2% in January 2014 and a possible second 2% if one of the major projects on Harbor Boulevard begins construction before the end of the contract. There will also be some costs associated with both the Early Retirement Program and the employee buyout. The effect on our PERS rate will not be felt until Fiscal Year 15-16, and costs due to the buyout will be greatly outweighed by savings from keeping those positions vacant.

RECOMMENDED ACTION

- Adopt the attached Resolution providing for the second amendment to the Memorandum of Understanding with the Garden Grove Employees' 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

GARDEN GROVE CITY COUNCIL

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 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 Employees' Association shares this concern and believes a solid fiscal foundation to be essential to its member's well-being;

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

WHEREAS, the Garden Grove Employees' 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 2009-2012, by and between the Garden Grove Employees' Association and the City of Garden Grove as approved and adopted by the City Council in Resolution No. 8881-09 and subsequently amended by Resolution No. 8956-10 is hereby further amended as follows:

A. Article I, "Recognition and Rights," is amended to include new Sections 11 and 12, to read as follows:

11. TERM OF AGREEMENT

Notwithstanding any other provision contained herein, the term of this Memorandum of Understanding, as amended, shall be October 1, 2009 through June 30, 2014.

12. RATIFICATION

The amendatory provisions contained herein shall only become effective upon approval of a majority of members of the Garden Grove Employees' Association and the adoption of this Resolution by the Garden Grove City Council.

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

1. WAGES

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

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

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

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

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

The City provided a 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 (July 1, 2012 through June 30, 2013)

The City will provide no (0%) salary increase during fiscal year 2012-13.

e. Fiscal Year 2013-2014 (July 1, 2013 through June 30, 2014)

i) 4% Furlough Reduction Recapture

In order for employees in classifications listed in Exhibit A to recapture a portion of their pay lost through the employee furlough (see herein), the City authorizes a 4% recapture, to be provided as follows:

1. The City will provide a 2% increase to all represented classifications listed in Exhibit A to be effective the first full pay period following January 1, 2014.
2. The City will provide an additional 2% increase to all represented classifications listed in Exhibit A to be effective the next full pay period following groundbreaking for either the "Waterpark Hotel" or the "Site C Hotel," whichever occurs first, but in no event before January 1, 2014.

- ii) Should neither the Waterpark Hotel nor the Site C Hotel break ground by June 30, 2014, no increase shall be owed.

C. Article II, "Salary and Compensation" is amended to include new Sections 11 and 12, to read as follows:

11. EMPLOYEE FURLOUGH

Union explicitly agrees that the City may impose a furlough of eight (8) hours per month, during the remainder of Fiscal Year 11-12 (May, 2012 and June, 2012), and thereafter a furlough of eight (8) hours per month, ninety-six (96) hours per year, during Fiscal Year 12-13 and Fiscal Year 13-14. A furlough is defined as a period of unpaid time during which an employee must not work and not "cover" with any form of paid time, except as provided herein. This has the effect of reducing an employee's work month by eight (8) hours, and reducing their compensation by a proportionate amount. The time, place and manner of the furlough shall be solely at the discretion of the Director of Human Resources.

If the furlough is suspended, cancelled, or modified so as to reduce its effect on employees in the non-union Middle Management and/or Central Management units, the same provisions will be extended to employees in classifications listed in Exhibit A at the beginning of the pay period following such change.

12. PARITY

In the context of salary and benefit reductions to address the current fiscal crisis, the City agrees to maintain a parity impact to all units, represented and non-represented, to the greatest degree possible. This parity may be measured on a department basis, a bargaining unit basis, employee basis, or some combination thereof.

D. Article III, "Fringe Benefits" is amended to include new Sections 13, 14, and 15, to read as follows:

13. "GOLDEN HANDSHAKE" AND "EMPLOYEE BUYOUT"

As soon as reasonably practical under CalPERS rules, the City agrees to offer the CalPERS "Two-Year Additional Service Credit" program (aka, "Golden Handshake") to eligible employees in classifications listed in Exhibit A. Before or after the Golden Handshake is offered, the City shall also offer a "Voluntary Incentive Program" (aka, "Employee Buyout") for full-time, permanent employees in classifications listed in

Exhibit A to voluntarily resign their position and waive all present and future claims against the City in exchange for a one-time taxable payment of \$35,000 or 35% of salary, whichever is greater. Employees in classifications listed in Exhibit A who take the Employee Buyout shall receive an amount equal to 50% of his total accumulated but unused sick leave hours, provided that the 50% payout under this provision may be applied to no more than 1,000 hours of accumulated but unused sick leave. An employee may not receive both the Golden Handshake and the Employee Buyout, and the union consents to the Director of Human Resources taking reasonable steps to avoid this occurrence.

14. ACCRUAL PROTECTION DURING FURLOUGH

There will be no impact to any benefit accrual during any pay period in which there is a scheduled furlough.

15. CalPERS "2% @ 60" BENEFIT FORMULA

Notwithstanding any other provision contained herein or in the Memorandum of Understanding in total, as amended, the union agrees not to oppose the City amending its contract with PERS to provide new "Miscellaneous" employees in classifications listed in Exhibit A the CalPERS "2% at 60" formula. Such amendment will be effective no earlier than July 1, 2013.

City agrees to actively seek, to the greatest degree feasible, pension tier reductions with all other Safety bargaining units during the remaining term of this Memorandum of Understanding, i.e., May, 2012 through June 30, 2014.

E. Article IV, Section 4 ("Callback Pay") is amended to read as follows:

4. CALL BACK

Off-duty employees recalled to work shall receive compensation at time and one-half their regular hourly rate for a minimum of two (2) hours, but shall not receive more than two (2) hours of compensation at time and one-half for any two (2) hour period. Call back pay on a scheduled furlough day will be paid at a rate of time and one-half. Being called back on a scheduled furlough day is defined as being called into work with less than 24 hours notice to the affected employee. Otherwise, time and one-half will only be paid after 40 paid hours in a week.

- F. Article V, Section 1 ("Vacation Leave") is amended to add a new Subsection h, to read as follows:

h. Vacation Buy-Back During Periods of Furlough

In addition to the vacation buy-back specified in Subsection g., above, which normally occurs in January, the City will offer additional vacation buy-back opportunities in May and September. Under the provisions of this subsection, which will only apply during periods of furlough as elsewhere defined, Employees in classifications listed in Exhibit A can avail themselves of the vacation buy-back any two times of the three window times offered (i.e., twice in any combination of January, May and September). A "special 1-time vacation buy-back" sellback, which will not count against the 2012 limit, will be offered in June, 2012 and will replace the May, 2012 vacation buy-back.

Employees availing themselves of this benefit must maintain eighty (80) hours of vacation after any vacation buy-back is taken into account (deducted). However, under the terms of this subsection, the requirement to have used eighty (80) hours of vacation in the preceding year is waived from the effective date of this amendment through the end of the term, June 30, 2014, during periods of furlough. This subsection shall expire and cease to have effect when the employee furlough is cancelled or on June 30, 2014, whichever occurs first.

- G. Article VIII, "Grievance/Discipline/Layoff/Probationary Period" is amended to include a new Section 7, to read as follows:

7. TEMPORARY NO-LAYOFF CLAUSE

Notwithstanding any other provisions contained in the Memorandum of Understanding, a "layoff" is defined as the separation of an employee from the active workforce due to lack of hours or funds, or the abolition of the position by the City Council. The City agrees that there will be no layoff of full-time employees in classifications listed in Exhibit A during the term of the current MOU and any agreed-upon extension, i.e., from the effective date of this amendment through June 30, 2014.