

City of Garden Grove
INTER-DEPARTMENT MEMORANDUM

To: Matthew J. Fertal
From: John D.R. Clark
Dept: City Manager
Dept: Human Resources
Subj: AMENDMENT TO POLICE
MANAGEMENT MOU:
CORRECTION TO CITY PAYMENT
TO RETIREE MEDICAL TRUST
Date: May 22, 2012

BACKGROUND

In the fall of 2010, the police management association 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 association 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.

This same modification has already been made for the rank-and-file Police Union at the March 13, 2012 City Council meeting.

DISCUSSION

The City Council approved this request in Resolution 9040-11, and the 0.6% payment was made in May, 2011. Resolution 9040-11 stated, however, that the 0.6% carve-out would be one-time only. This is in error, the 0.6% additional payment to the Garden Grove Police Association Retiree Medical Trust should have been stated as permanent, raising the City's contribution to be an amount equal to the average annual cost, but not to exceed 1.6% of salary for the positions of Police Lieutenant and Police Captain.

This is logical, as the 2% raise awarded to all other employees and the 1.4% raise awarded to police union members was on-going, i.e., the raise did not go away after a year and their salary returned to its pre-raise level, it continues at the higher level unless or until changed. Since the 0.6% was carved out of the police management association's 2.0% raise, the 0.6% also needs to be on-going, and the attached Resolution corrects this error.

FINANCIAL IMPACT

None.

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RECOMMENDED ACTION

- Adopt the attached Resolution amending 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 to clarify that the City's annual payment on behalf of the Garden Grove Police Management Association to the Garden Grove Police Association Retiree Medical Trust is changed to an amount equal to the average annual cost, but not to exceed 1.6% annually, on an ongoing basis.
- 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 Fertal
City Manager

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GARDEN GROVE
AMENDING THE MEMORANDUM OF UNDERSTANDING (MOU) 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 wishes to correct an inadvertent error in the formula paid annually by the City to the Garden Grove Police Association's Retiree Medical Fund; and

WHEREAS, the Garden Grove Police Management Association shares this concern and supports the City's effort to correct this error.

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 No. 8922-09 and subsequently amended by Resolution No. 8959-10, Resolution No. 9040-11, and Resolution No. 9105-12 is hereby further amended as follows:

A. Section 4 (Retiree Medical Fund) is amended to read as follows:

Commencing with 2011, the City shall contribute to the Police Association Retiree Medical Trust Fund (or similar retiree medical premium plan) an amount equal to the average annual cost, but not to exceed 1.6% of salary for the positions of Police Lieutenant or Police Captain. 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 alternate plan) or its beneficiaries, or to the Police Management Association.