

**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 MEMORANDUM  
OF UNDERSTANDING WITH THE  
GARDEN GROVE POLICE  
MANAGEMENT ASSOCIATION  
**Date:** January 22, 2013

OBJECTIVE

The California Public Employees' Retirement System (PERS) conducted an audit of the City's contract in late 2011, with their final audit report issued in June, 2012. While the audit generally found us to be in good compliance with applicable statutes and regulations, PERS did direct the City to make several changes of a ministerial nature to its procedures. The recommended action, if adopted, would insure Garden Grove's continued compliance.

BACKGROUND

The proposed change is to adopt language clarifying the treatment of holiday pay. Members of this union receive eleven (11) holidays per year, the same as other City employees. In the past, holiday pay has been provided as a bank of hours, allowing employees to use the hours (i.e., take the holiday off) or receive an equivalent amount in pay. This was done because some members will be assigned to work on holidays while others will not, depending on both assignment and needs of the department.

This option, however, was cited in Finding #1 of the PERS Audit as giving rise to situations where some members' holiday pay will be "PERSable" (i.e., counted toward their highest year of compensation at retirement) while others will not. This becomes a complicated issue to administer, as the PERSability issue actually stems from a requirement of the Federal Fair Labor Standards Act (FLSA), as interpreted by PERS. To simplify matters, the attached Resolution amends the MOU to require holiday pay to be cashed out as the holiday occurs, which staff believes will best meet the PERS analytical criteria and provide for equitable treatment for all union members.

FINANCIAL IMPACT

Since members already receive this as part of their compensation, the recommended change does not cause any increase in costs.

AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING  
WITH THE GARDEN GROVE POLICE MANAGEMENT ASSOCIATION  
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RECOMMENDED ACTION

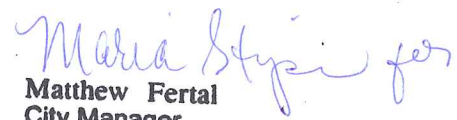
- Approve the attached Resolution amending the City's Memorandum of Understanding with the Garden Grove Police Management Association.



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

Attachment: Proposed Resolution

**Recommended for Approval**



**Matthew Fertal**  
**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 2009-2011, AS AMENDED, BY AND  
BETWEEN THE GARDEN GROVE POLICE MANAGEMENT ASSOCIATION AND THE  
CITY OF GARDEN GROVE

WHEREAS, the California Public Employees' Retirement System (CalPERS) conducted an audit of the City in 2011;

WHEREAS, CalPERS issued a final audit report in June 2012 indicating general satisfaction with the City's reporting to CalPERS, but also noting several corrections to be made pursuant to California Code of Regulations (CCR) Section 570.5 and Section 571, pertaining to the specific elements of compensation that are reportable to CalPERS;

WHEREAS, the City of Garden Grove wishes to bring the City into full compliance by adopting the corrective actions listed in the CalPERS audit with all deliberate speed, which include making specific amendments to labor union contracts and resolutions, as appropriate; and

WHEREAS, the Garden Grove Police Management Association shares with the City the goal of bringing the City in general and their union in particular into full compliance with the CalPERS audit.

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

1. The Memorandum of Understanding on Salaries, Wages and Fringe Benefits 2009-2012, 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 No. 8959-10, Resolution No. 9040-11, Resolution No. 9105-12, and Resolution No. 9150-12 is hereby further amended to read as follows:

SECTION 4: FRINGE BENEFITS

H. Holidays

i. General Provision

Effective January 1, 2013, each Association employee will receive ten (10) hours of pay in-lieu of holiday leave for each of the eleven (11) holidays

as designated below in subsection H (iv). This additional compensation will be paid as the holiday occurs and shall be reported to PERS as Special Compensation pursuant to Title 2, Division 1, Chapter 2 of the California Code of Regulations, specifically § 571 (a)(5) – Statutory Items, Holiday Pay.

ii. Part-Year Employment

An Association employee who commences employment at a time other than the beginning of a calendar year shall only be entitled to receive those holidays described in subsection H (iv) that occur during the period actually worked.

iii. Effect of Unpaid Leave of Absence

An employee who is on an unpaid leave of absence during any holiday designated in subsection H (iv) is not entitled to receive any holiday benefits for that holiday.

iv. Designated Holidays

January 1<sup>st</sup> (New Year's Day)  
Third Monday of February (President's Day)  
Last Monday of May (Memorial Day)  
July 4<sup>th</sup> (Independence Day)  
First Monday in September (Labor Day)  
November 11<sup>th</sup> (Veteran's Day)  
Fourth Thursday in November (Thanksgiving Day)  
The Day after Thanksgiving  
December 24<sup>th</sup> (Christmas Eve)  
December 25<sup>th</sup> (Christmas Day)  
December 31<sup>st</sup> (New Year's Eve)

2. The Director of Human Resources is directed to effect, at his earliest opportunity, whatever procedural changes are necessary to implement this Resolution.