

**REPORT TO MAYOR AND COUNCIL**

TO THE HONORABLE MAYOR AND COUNCIL:

DATE: June 22, 2010

SUBJECT: AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF CONCORD AND THE CONCORD POLICE MANAGERS' ASSOCIATION REPRESENTING THE POLICE MANAGERIAL REPRESENTATION UNIT FOR THE PERIOD JULY 1, 2010 THROUGH JUNE 30, 2014

Report in Brief

The Concord Police Managers' Association approached the City to offer a wage and benefit concession in order to help the City address its \$13 million budget deficit. Representatives from the City and the Police Managers' Association Unit met and conferred regarding terms and conditions of employment as set forth in the current Memorandum of Understanding between the City and the Association. These representatives reached a tentative agreement to amend the current Memorandum of Understanding. Consequently, the Council and the Redevelopment Agency Board are being asked to approve these deal terms, as described in the tentative agreement and this staff report, which include pay and benefit adjustments that will reduce the deficit by \$200,000. As important, the proposed concessions structurally change the relationship between the City and the employees of the Police Managers' Association, by requiring them to begin assuming costs associated with their benefits and by setting the stage for the possible establishment of a second tier retirement package for new hires in the future. City staff has been advised by the Police Managerial Representation Unit that on June 16, 2010 their membership ratified the attached settlement agreement (Attachment 2).

If approved by the City Council this evening, staff will prepare and execute an amended Memorandum of Understanding incorporating the agreed upon changes.

Discussion

Given continuing State takeaways of City funds and the double-digit decline of the City's sales and property tax revenues, the City's overall budget deficit has grown to \$23 million. The City has already taken actions that address \$10 million of this deficit, and is in the process of adopting a budget for FY 2010-11 that will close another \$ 5.6 million of the deficit. These actions result in a remaining budget gap of \$ 7.4 million. The proposed reductions to the pay and benefits of employees of the Police Managers' Association Unit will contribute an additional \$200,000 towards balancing the City's budget.

In summary, the agreement provides the following changes to the Memorandum of Understanding:

**AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF
CONCORD AND THE CONCORD POLICE MANAGERS' ASSOCIATION
REPRESENTING THE POLICE MANAGERIAL REPRESENTATION UNIT FOR
THE PERIOD JULY 1, 2010 THROUGH JUNE 30, 2014**

June 22, 2010

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- Effective July 12, 2010, bargaining unit members will receive the scheduled wage increase of 2.5% and begin paying 2.5% of the PERS member contribution and the City will pay the remaining 6.5%.
- Effective January 10, 2011, bargaining unit members will receive the scheduled wage increase of 2.5% and pay 5.0% of the PERS member contribution and the City will pay the remaining 4.0%.
- Effective January 1, 2011, the City and bargaining unit members will evenly split any future increases (or decreases) in health premiums.
- The parties agree to reopen the Memorandum of Understanding in the event a new lower tiered safety retirement formula less advantageous than the current 3% @50 formula is established by initiative or statewide legislation under certain conditions.
- The parties agree to extend the current MOU by 3 years until June 30, 2014 with no additional wage increases.
- The remaining provisions of the MOU not specifically addressed in the agreement remain intact.

Fiscal Impact

The impact of these concessions on the budget deficit would be to reduce it by \$ 200,000.

Public Contact

Posting of Council Agenda and notification to the Concord Managers' Association.

Recommendation for Action

Staff recommends that the Council and Redevelopment Agency Board approve the following Resolutions:

1. Adopt Resolution No. 10-4735.4 approving an amendment to the Memorandum of Understanding between the City of Concord and the Concord Police Managers' Association, representing the Police Managerial Representation Unit for the period July 1, 2010 through June 30, 2014.
2. Adopt Resolution No. 10-4735.11 authorizing paying and reporting the value of Employer Paid Member Contributions for Sworn Employees - Police Officers and Police Management.

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**AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF
CONCORD AND THE CONCORD POLICE MANAGERS' ASSOCIATION
REPRESENTING THE POLICE MANAGERIAL REPRESENTATION UNIT FOR
THE PERIOD JULY 1, 2010 THROUGH JUNE 30, 2014**

June 22, 2010

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Attachment 1: Resolution No. 10-4735.4

Attachment 2: Amendment to Memorandum of Understanding

Attachment 3: Resolution No. 10- 4735.11

**BEFORE THE CITY COUNCIL OF THE CITY OF CONCORD
COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA**

**A Resolution Approving an Amendment to the
Memorandum of Understanding between the City of
Concord and the Concord Police Managers'
Association Representing the Police Managerial
Representation Unit for the Period July 1, 2010
through June 30, 2014**

Resolution No. 10-4735.4

WHEREAS, the Memorandum of Understanding between the City of Concord and the Concord Police Managers' Association representing the Police Managerial Representation Unit is set to expire on July 12, 2011; and

WHEREAS, City representatives and the duly appointed representatives of the Concord Police Managers' Association have met and conferred in accordance with Section 3500 et seq. of the California Government Code; and

WHEREAS, the membership of the Police Managerial Representation Unit ratified the attached agreement on June 16, 2010; and

WHEREAS, the City Manager and City staff recommend the terms and conditions of the Memorandum of Understanding amendment be approved by the City Council.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CONCORD DOES RESOLVE AS FOLLOWS:

Section 1. Approves the Amendment to the Memorandum of Understanding between the City of Concord and the Concord Police Managers' Association, representing the Police Managerial Representation Unit, to include the attached agreement.

Section 2. Directs staff to prepare a written Amendment to the Memorandum of Understanding between the City of Concord and the Concord Police Managers' Association representing the Police Managerial Representation Unit incorporating the agreed-upon-changes and such further technical and clarifying changes as may be approved by Concord Police Managers' Association representatives and the City Manager.

Section 3. Authorizes the City Manager to execute the amendment of the Memorandum of Understanding on behalf of the City.

Section 4. This resolution shall become effective immediately upon its passage and adoption.

PASSED AND ADOPTED by the City Council of the City of Concord on June 22, 2010 by the following vote:

AYES: Councilmembers -

NOES: Councilmembers -

ABSTAIN: Councilmembers -

ABSENT: Councilmembers -

I HEREBY CERTIFY that the foregoing Resolution No. duly and regularly adopted at a regular joint meeting of the City Council and the Redevelopment Agency of the City of Concord on June 22, 2010.

Mary Rae Lehman, CMC
City Clerk

APPROVED AS TO FORM:

Craig Labadie
City Attorney

Attachment 2: Amendment to Memorandum of Understanding

City of Concord and Concord Police Association

1. Employee PERS Contribution

- Effective July 12, 2010, bargaining unit members will receive the scheduled wage increase of 2.5% and begin paying 2.5% of the PERS member contribution and the City will pay the remaining 6.5%.

- Effective January 10, 2011, bargaining unit members will receive the scheduled wage increase of 2.5% and pay 5.0% of the PERS member contribution and the City will pay the remaining 4.0%.

2. Health and Welfare Premiums

- 2010 Premiums
 - i. City will continue to pay the full cost of dental and vision premiums
 - ii. The City will continue to pay 100% of the applicable premium rate for the Kaiser plan offered through CalPERS for 2010.

- Future Premium Increases
 - i. The parties will split any future increases (or decreases) in health premiums
 - ii. For example, if the Kaiser Family rate increases by \$100 in 2011, all bargaining unit employees participating at the Family level will pay \$50 and the City will pay 50% of the increase (\$50), for a total City contribution of \$1,434.66. If the Kaiser Family rate increases by an additional \$100 in 2012, the employee contribution will rise to \$100 and the City contribution will rise to \$1,484.66.

- Medical in Lieu payments shall be equivalent to the City's contribution towards the Kaiser single rate.

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**City of Concord
and
Concord Police Association**

3. Retirement Formula

The parties agree to reopen this agreement in the event that: a new safety retirement formula less advantageous than the current 3%@50 formula is established by initiative or statewide legislation. The reopener will occur under the following conditions:

- If the reduced retirement benefit is optional for new hires, the parties will meet to discuss the adoption of the formula. Any modification of the existing formula during the term of the MOU must be achieved by mutual agreement.
- If the reduced retirement benefit is mandatory for new hires, the City may unilaterally implement the new formula during the term of the MOU (even if the legislation/initiative would not normally affect members covered by an MOU). The parties will meet and confer over the negotiable effects of implementation.

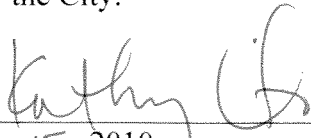
4. Term

The parties agree to extend the current MOU term by 3 years until June 30, 2014, with no additional wage increases.

5. Remaining provisions of MOU

The parties acknowledge that the provisions of the Concord Police Association MOU and Concord Police Manager's Association MOU not specifically addressed in this agreement will remain intact and not subject to change or modification except as provided for by state law or the MOU, unless agreed to by the parties. The parties acknowledge that the Association has not formally reopened the MOU'S as part of the discussions leading up to the execution of this agreement, and failure of either the members of the Association or the City Council to approve of this agreement will not constitute a reopener.

For the City:



June 15, 2010

For the PA:



June 14, 2010

**BEFORE THE CITY COUNCIL OF THE CITY OF CONCORD
COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA**

**A Resolution Authorizing Paying and Reporting the
Value of Employer Paid Member Contributions for
Sworn Employees – Police Officers and Police
Management**

Resolution No. 10-4735.11

WHEREAS, the governing body of the City of Concord has the authority to implement Government Code Section 20636 (c) (4) pursuant to Section 20691; and

WHEREAS, the governing body of the City of Concord has written a labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation; and

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Concord of a Resolution to commence paying and reporting the value of said Employer Paid Member Contributions (EPMC); and

WHEREAS, the governing body of the City of Concord had identified the following conditions for the purpose of its election to EPMC:

- This benefit shall apply to all employees of the Police Managerial Representation Unit and the Peace Officer Representation Unit.
- This benefit shall consist of paying 6.5% (out of 9.0%) of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable (excluding Government Code Section 20636 (c) (4)) as additional compensation.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CONCORD DOES
RESOLVE AS FOLLOWS:**

Section 1. The City of Concord elects to pay and report the value of EPMC, as set forth.

Section 2. The provisions contained in this resolution shall become effective July 12, 2010.

Section 3. This resolution shall become effective immediately upon its passage and adoption.

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