



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

333 West Ocean Boulevard 13th Floor • Long Beach, CA 90802

DEBORAH R. MILLS
DIRECTOR

January 15, 2013

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt the attached Resolution approving the Amendment to the 2007-2012 Memorandum of Understanding with the International Association of Machinists and Aerospace Workers; and

Adopt the attached Resolution for paying and reporting the value of the employer paid member contributions to the California Public Employees Retirement System for employees represented by the International Association of Machinists and Aerospace Workers. (Citywide)

DISCUSSION

City management representatives and representatives of the International Association of Machinists and Aerospace Workers (IAM) have had a number of meet and confer sessions regarding the financial impacts of the Fiscal Year 2012 (FY 12) and Fiscal Year 2013 (FY 13) budgets. Meetings have been concluded and a tentative agreement has been reached between management representatives and representatives of the employee organization.

The major agreed upon provisions of the attached Amendment are: (1) current City employees will pay an additional 6 percent of the CalPERS pickup in FY 13, for a total of 8 percent, which represents 100 percent of the employee's share; (2) employees hired into the City on or after January 1, 2013, who are new members to CalPERS, will pay the full CalPERS pickup, which represents 100 percent of the employee's normal member contribution (see California Government Code sec. 7522.30); (3) employees hired into the City on or after January 1, 2013, who are new members to CalPERS, will receive a lower retirement formula of 2 percent at 62 (see California Government Code sec. 7522.20); and (4) employees hired into the City on or after January 1, 2013, who are new members to CalPERS, will be subject to a three-year average final compensation calculation (see California Government Code sec. 7522.32).

HONORABLE MAYOR AND CITY COUNCIL

January 15, 2013

Page 2

Pursuant to the attached Amendment and pending the approval of the Resolutions, these changes will be effective January 26, 2013, unless prior implementation is mandated by state retirement law.

In order for the City to make changes to the employer paid member contribution (EPMC) for current City employees, it is necessary for the City Council to adopt the attached Resolutions as prepared by the City Attorney.

This matter was reviewed by Senior Deputy City Attorney Christina L. Checel and Budget Management Officer Victoria Bell on January 9, 2013.

TIMING CONSIDERATIONS

City Council action is requested on January 15, 2013 to implement the MOU Amendment provisions and to ensure that CalPERS receives the EPMC Resolution for processing consistent with the effective date of the action.

FISCAL IMPACT

This amendment will save the City an estimated \$2.5 million in the General Fund and \$7.6 million in All Funds in FY 13. In FY 14, the savings is an estimated \$3.8 million in the General Fund and \$11.8 million in All Funds and expected to continue annually at that amount thereafter. Through FY 23, the amendment is projected to save the City an estimated \$40.1 million in the General Fund and \$125.5 million in All Funds. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



DEBORAH R. MILLS
DIRECTOR OF HUMAN RESOURCES

DRM:tm
R:\ADMINISTRATION\CITY COUNCIL LETTERS\2013\01-15-13 ccl - IAM MOU.docx

ATTACHMENTS: AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING
RESOLUTIONS

APPROVED



PATRICK H. WEST
CITY MANAGER

SECOND AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING
BETWEEN THE CITY OF LONG BEACH AND
THE INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS

The City of Long Beach and the International Association of Machinists and Aerospace Workers (IAM) agree to amend the October 1, 2007 to September 30, 2013 Memorandum of Understanding as follows:

The labor agreement will be extended by one year, to expire on September 30, 2014. All existing terms and conditions set forth in that agreement shall remain unchanged for the term of the extended agreement, except as modified below.

- I. Amend Article Two-Salaries and Compensation, Section I – Classifications-Pay Rates-Salary Increases, C. Additional Compensation, 1. Classification and Compensation Study to read:

The classification portion of the Classification/Compensation Study will be completed and implemented by September 30, 2014. The compensation portion of the Classification/Compensation Study is deleted.

- II. Amend Article Two-Salaries and Compensation, Section I – Classifications-Pay Rates-Salary Increases, C. Additional Compensation, 2. Classification and Compensation Study Equity Adjustments to read:

In lieu of the equity adjustment values, except for the 1% already implemented retroactively to 10/01/2010, and in lieu of expedited mediation/arbitration, IAM represented employees will receive a 5 percent general salary increase effective October 1, 2012.

- III. Amend Article Five-Retirement and Workers' Compensation, Section I – Retirement, A. Continuation of Retirement Benefits by adding:

3. Effective January 1, 2013, or shortly thereafter, for employees who are eligible for and enrolled in the California Public Employee Retirement System (CalPERS) the City shall contribute on behalf of each eligible employee who is a CalPERS member, zero percent (0%) of his or her individual employee contribution. Effective January 1, 2013, or shortly thereafter, employees shall contribute from their annual salary their full employee contribution to CalPERS.

4. In accordance with state law, the IAM agrees to implement a new retirement formula of 2.0% @ 62 for those employees hired on or after January 1, 2013, who are new members to CalPERS as defined by California Government Code section 7522.04. These employees shall contribute from their annual salary their full employee contribution to CalPERS in the amount legally mandated pursuant to California Government Code sec. 7522.30. Final compensation for employees hired on or after January 1, 2013, who are new members to CalPERS will be calculated based on a three-year average in accordance with California Government Code sec. 7522.32.

- IV. Amend Article Five-Retirement and Workers' Compensation, Section I – Retirement, B. Report the Value of Employer-Paid member Contribution (EPMC) – Special Compensation by adding the following sentence:

Effective January 26, 2013, or shortly thereafter, the City will no longer designate EPMC as compensation earnable and report it as such to PERS.

It is also agreed that there will be no further layoffs through September 30, 2013.

In witness thereof, the parties hereto have caused this Amendment to the Memorandum of Understanding to be executed this _____ day of _____, 2012.

FOR THE LONG BEACH CITY EMPLOYEES LOCAL LODGE 1930, DISTRICT LODGE 947, INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS – AFL-CIO:

Ray Rivera, Grand Lodge Representative
Western Territory

Janet Schabow
BR, IAMAW DL947

Cynthia Marlene Arrona

Roz Boger

Floyd Jerome Bramlett

Brett Engstrom

Dan Gonzalez

Hans Tritten

Surian Pete Pearson

Nancy Riano

Roy Robledo

Laura Sansenbach

Scott Sansenbach

Scott Schroyer

Michael Vandermeer

Norm White

Mike Ulichney

Dan Zenovka

FOR THE CITY OF LONG BEACH:

Patrick H. West, City Manager

Deborah R. Mills
Director of Human Resources

Ken Walker
Manager, Personnel Operations

Tara McLean
Human Resources Officer

Nani Blyleven, Administrative Analyst III

APPROVED AS TO FORM:

Robert E. Shannon, City Attorney

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH APPROVING AN AMENDMENT TO
THE 2007-2012 MEMORANDUM OF UNDERSTANDING
WITH THE INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE WORKERS; AND
AUTHORIZING AND DIRECTING THE CITY MANAGER TO
EXECUTE SUCH AMENDMENT; AND DIRECTING
CERTAIN IMPLEMENTING AND RELATED ACTIONS

WHEREAS, on the date of this resolution, the City Council has considered
an amendment to the 2007-2012 Memorandum of Understanding with the International
Association of Machinists and Aerospace Workers; and

WHEREAS, it is the desire of the City Council to approve such amendment
and to provide for its implementation;

NOW, THEREFORE, the City Council of the City of Long Beach resolves as
follows:

Section 1. That the amendment to 2007-2012 Memorandum of
Understanding between the City of Long Beach and the International Association of
Machinists and Aerospace Workers, which is hereby incorporated by reference in this
resolution as Exhibit "A", is hereby approved, and the City Manager is hereby authorized
to execute said Amendment to Memorandum on behalf of the City and to implement,
pursuant to Section 503 of the Long Beach City Charter, all matters affecting
compensation contained in and prescribed by the amendment as of the operative date of
this resolution.

Section 2. The City Manager is also authorized and directed to cause the
preparation of amendments to the Long Beach Salary Resolution, if necessary, and to

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 such other documents as may be necessary, to conform such resolution and documents
2 to the provisions of the Memorandum and this resolution, and to further cause such
3 conforming amendments to be brought before the City Council and such Boards and
4 Commissions as may be required by law to act upon them, and the City Attorney is
5 requested to cooperate fully with the City Manager in order to cause the required
6 documents to be prepared as required by law and brought before the appropriate bodies.

7 Section 3. This resolution shall take effect immediately upon its adoption
8 by the City Council, and the City Clerk shall certify the vote adopting this resolution.

9 I hereby certify that the foregoing resolution was adopted by the City
10 Council of the City of Long Beach at its meeting of _____, 2013, by the
11 following vote:

12 Ayes: Councilmembers: _____
13 _____
14 _____
15 _____

16 Noes: Councilmembers: _____
17 _____

18 Absent: Councilmembers: _____
19 _____

20 _____
21 _____
22 _____
23 City Clerk

24
25
26
27
28

SECOND AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING
BETWEEN THE CITY OF LONG BEACH AND
THE INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS

The City of Long Beach and the International Association of Machinists and Aerospace Workers (IAM) agree to amend the October 1, 2007 to September 30, 2013 Memorandum of Understanding as follows:

The labor agreement will be extended by one year, to expire on September 30, 2014. All existing terms and conditions set forth in that agreement shall remain unchanged for the term of the extended agreement, except as modified below.

- I. Amend Article Two-Salaries and Compensation, Section I – Classifications-Pay Rates-Salary Increases, C. Additional Compensation, 1. Classification and Compensation Study to read:

The classification portion of the Classification/Compensation Study will be completed and implemented by September 30, 2014. The compensation portion of the Classification/Compensation Study is deleted.

- II. Amend Article Two-Salaries and Compensation, Section I – Classifications-Pay Rates-Salary Increases, C. Additional Compensation, 2. Classification and Compensation Study Equity Adjustments to read:

In lieu of the equity adjustment values, except for the 1% already implemented retroactively to 10/01/2010, and in lieu of expedited mediation/arbitration, IAM represented employees will receive a 5 percent general salary increase effective October 1, 2012.

- III. Amend Article Five-Retirement and Workers' Compensation, Section I – Retirement, A. Continuation of Retirement Benefits by adding:

3. Effective January 1, 2013, or shortly thereafter, for employees who are eligible for and enrolled in the California Public Employee Retirement System (CalPERS) the City shall contribute on behalf of each eligible employee who is a CalPERS member, zero percent (0%) of his or her individual employee contribution. Effective January 1, 2013, or shortly thereafter, employees shall contribute from their annual salary their full employee contribution to CalPERS.

4. In accordance with state law, the IAM agrees to implement a new retirement formula of 2.0% @ 62 for those employees hired on or after January 1, 2013, who are new members to CalPERS as defined by California Government Code section 7522.04. These employees shall contribute from their annual salary their full employee contribution to CalPERS in the amount legally mandated pursuant to California Government Code sec. 7522.30. Final compensation for employees hired on or after January 1, 2013, who are new members to CalPERS will be calculated based on a three-year average in accordance with California Government Code sec. 7522.32.

- IV. Amend Article Five-Retirement and Workers' Compensation, Section I – Retirement, B. Report the Value of Employer-Paid member Contribution (EPMC) – Special Compensation by adding the following sentence:

Effective January 26, 2013, or shortly thereafter, the City will no longer designate EPMC as compensation earnable and report it as such to PERS.

It is also agreed that there will be no further layoffs through September 30, 2013.

In witness thereof, the parties hereto have caused this Amendment to the Memorandum of Understanding to be executed this _____ day of _____, 2012.

FOR THE LONG BEACH CITY EMPLOYEES LOCAL LODGE 1930, DISTRICT LODGE 947, INTERNATIONAL ASSOCIATION OF MACHINISTS AND AEROSPACE WORKERS – AFL-CIO:

Ray Rivera, Grand Lodge Representative
Western Territory

Janet Schabow
BR, IAMAW DL947

Cynthia Marlene Arrona

Roz Boger

Floyd Jerome Bramlett

Brett Engstrom

Dan Gonzalez

Hans Tritten

Surian Pete Pearson

Nancy Riano

Roy Robledo

Laura Sansenbach

Scott Sansenbach

Scott Schroyer

Michael Vandermeer

Norm White

Mike Ulichney

Dan Zenovka

FOR THE CITY OF LONG BEACH:

Patrick H. West, City Manager

Deborah R. Mills
Director of Human Resources

Ken Walker
Manager, Personnel Operations

Tara McLean
Human Resources Officer

Nani Blyleven, Administrative Analyst III

APPROVED AS TO FORM:

Robert E. Shannon, City Attorney

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 RESOLUTION NO.
2

3 A RESOLUTION OF THE CITY COUNCIL OF THE
4 CITY OF LONG BEACH RETRACTING IMPLEMENTATION
5 OF GOVERNMENT CODE SECTION 20636(c)(4)
6 PURSUANT TO SECTION 20691 AS TO PAYING AND
7 REPORTING THE VALUE OF EMPLOYER PAID MEMBER
8 CONTRIBUTIONS FOR EMPLOYEES REPRESENTED BY
9 THE INTERNATIONAL ASSOCIATION OF MACHINISTS
10 AND AEROSPACE WORKERS TO THE CALIFORNIA
11 PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)
12

13 WHEREAS, the City of Long Beach has the authority to implement
14 Government Code Section 20636(c)(4) pursuant to Government Code Section 20691;
15 and

16 WHEREAS, the City of Long Beach has a written labor policy or agreement
17 which specifically provides for the normal member contributions to be paid by the
18 employer, and reported as special compensation; and

19 WHEREAS, the City has engaged in negotiations with the International
20 Association of Machinists and Aerospace Workers and the parties have agreed to amend
21 the Memorandum of Understanding with respect to payment and reporting of the value of
22 employer paid member contributions (EPMC); and

23 WHEREAS, current members of the International Association of Machinists
24 and Aerospace Workers have agreed to pay the full member contribution; and

25 WHEREAS, one of the steps in the procedures to implement this section of
26 the Government Code is the adoption by the governing body of the City of Long Beach of
27 a resolution giving notice of its intention to cease paying and reporting the value of
28 Employer Paid Member Contributions (EPMC) as compensation for all members of the

OFFICE OF THE CITY ATTORNEY
ROBERT E. SHANNON, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 group or class identified herein.

2 NOW, THEREFORE, the City Council of the City of Long Beach resolves as
3 follows:

4 Section 1. Effective as of January 26, 2013, the governing body of the
5 City of Long Beach shall retract its previous implementation of Government Code Section
6 20636(c)(4) pursuant to Section 20691 as to paying and reporting the value of Employer
7 Paid Member Contributions (EPMC) for miscellaneous employees represented by the
8 International Association of Machinists and Aerospace Workers. In so doing, the City will
9 pay zero percent (0%) and report the same percent (0%) and the member will pay one
10 hundred percent (100%) of the normal member contribution which is currently eight
11 percent (8%) of the member's compensation.

12 I hereby certify that the foregoing resolution was adopted by the City
13 Council of the City of Long Beach at its meeting of _____, 2013, by the
14 following vote:

15 Ayes: Councilmembers: _____

16 _____

17 _____

18 _____

19 Noes: Councilmembers: _____

20 _____

21 Absent: Councilmembers: _____

22 _____

23 _____

24 _____

25 _____

City Clerk

26 _____

27 _____

28 _____



City of Long Beach Memorandum
Working Together to Serve

REQUEST TO ADD AGENDA ITEM

Date: January 10, 2013
To: Larry Herrera, City Clerk
From: Patrick H. West, City Manager
Subject: Request to Add Agenda Item to Council Agenda of January 15, 2013

Pursuant to Municipal Code Section 2.03.070 [B], the City Councilmembers signing below request that the attached agenda item (due in the City Clerk Department by Friday, 12:00 Noon) be placed on the City Council agenda under New Business via the supplemental agenda.

The agenda title/recommendation for this item reads as follows:

Recommendation to adopt the attached Resolution approving the Amendment to the 2007-2012 Memorandum of Understanding with the International Association of Machinists and Aerospace Workers; and

Adopt the attached Resolution for paying and reporting the value of the employer paid member contributions to the California Public Employees Retirement System employees represented by the International Association of Machinists and Aerospace Workers. (Citywide)

Council District	Authorizing Councilmember	Signed by
8	Al Austin	<i>[Signature]</i>
9	Steven Neal	<i>[Signature]</i>
4	Patrick O'Donnell	<i>[Signature]</i>

Attachment: Staff Report dated January 15, 2013

CC: Office of the Mayor