



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

R-5

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802 • (562) 570-6621

September 15, 2009

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Adopt the attached Amendment to the October 1, 2005 through September 30, 2009 Memorandum of Understanding with the Long Beach Police Officers Association and adopt the attached Amended Resolution approving the Memorandum of Understanding with the Long Beach Police Officers Association; adopt the attached October 1, 2009 through September 30, 2014 Memorandum of Understanding with the Long Beach Police Officers Association and adopt the attached Resolution approving the Memorandum of Understanding with the Long Beach Police Officers Association; and allow those matters that affect compensation to be implemented on the effective dates set forth in the October 1, 2005 through September 30, 2009 Amended Memorandum of Understanding and the October 1, 2009 through September 30, 2014 Memorandum of Understanding. (Citywide)

DISCUSSION

The Long Beach Police Officers Association (LBPOA), recognizing the severe budget challenges resulting from a prolonged recession, has agreed to amend the current Memorandum of Understanding (MOU) to reduce the previously negotiated September 30, 2009 salary adjustment. Based upon the current agreement, the City is legally bound to raise police officer pay to the median of the nine largest city police agencies in California, which would have been 9.3 percent on September 30, 2009. The POA has agreed to reduce this compensation adjustment by 7.3 percent to the minimum 2 percent adjustment, reducing next year's General Fund deficit by \$7.6 million. If this solution had not been achieved, the City would need to pay \$9.9 million annually totaling \$49.5 million in increased police salary costs over the next five years, assuming no further salary increases during the five-year period.

In exchange for forgoing the median adjustment, a new Memorandum is proposed that smoothes the median adjustment over the next five years. Under the new agreement, the POA has agreed to no new salary increases in Fiscal Year 2010 and 2012, and the overall increases in the new MOU will total 11 percent during the five years. In addition, the POA has agreed to lower the retirement formula to three percent at 55 if any three of nine comparable regional cities adopt this formula. The POA has also agreed to reopen the MOU to discuss pension changes at any time during the agreement with 30 days notice and to a date specific reopener on March 1, 2011 for the same purpose. In addition, in Fiscal Year 2012, the City will agree to increase education pay by \$25 per

month, reinstate the Advanced Post Certificate Pay as an alternative to education incentives and pay assignment pays as a percentage.

Finally, the City will agree to provide a supplement to retirees' retirement health insurance account if they retire before their retirement benefits reach the level they would have been had the median adjustment been paid on September 30, 2009. The retiree health insurance supplement will be funded by setting aside \$2.5 million in the Employee Benefits Fund, and assumes a 5 percent interest earning annually over a 30-year period to fund the cost. If the median amount had been paid on September 30, 2009, this same cost would have been paid through future PERS contributions, for a net neutral impact over the long term.

The proposed agreements have been ratified by the members of the LBPOA.

This matter was reviewed by Robert Shannon, City Attorney and Director of Financial Management Lori Ann Farrell on September 3, 2009.

TIMING CONSIDERATIONS

City Council action is requested on September 15, 2009, to ensure implementation of the amended MOU provisions as soon as possible and to ensure implementation of the new MOU provisions prior to October 1, 2009.

FISCAL IMPACT

On August 16, 2005, the City Council approved an MOU with the Long Beach Police Officers Association, which covered wages, benefits and other terms and conditions of employment from October 1, 2005 through September 30, 2009. The MOU provides for an adjustment to the median of the nine largest police agencies in California, excluding Long Beach, on September 30, 2009. The estimated median adjustment is 9.3 percent for Police Officers, with an estimated General Fund cost of \$9.9 million annually totaling \$49.5 million to the General Fund over the next five years. The LBPOA agreed to forgo this adjustment and instead accept the minimum 2 percent for all ranks on September 30, 2009. The LBPOA further agreed to smooth the median adjustment over a five-year period in the new MOU agreement. This agreement will immediately reduce next year's projected General Fund deficit by \$7.6 million, resulting in a \$2.3 million cost in FY 2010. The combined estimated cost of the two agreements is approximately \$34.4 million through September 30, 2014, resulting in a savings of \$15 million over the five-year period when compared to paying median on September 30, 2009. Based on mid-year adjustments in the last year of the agreement, there will be \$1.7 million of additional costs in Fiscal Year 2015. These cost estimates do not reflect the impact of yet to be determined increases in the City's PERS rates. A chart summarizing the cost of the agreement for each fiscal year through September 30, 2014 is attached.

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Sufficient appropriation will be requested as part of the FY 10 Adopted Budget to support the 2 percent adjustment on September 30, 2009. Future appropriation increases will be requested as needed as part of future budgets.

SUGGESTED ACTION:

Approve recommendation.

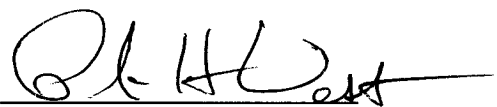
Respectfully submitted,



SUZANNE R. MASON
DIRECTOR OF HUMAN RESOURCES

SRM:KW:tb
Attachments

APPROVED:



PATRICK H. WEST
CITY MANAGER



Proposed Negotiated POA Agreement

Cost of Agreement – General Fund Only:

	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	TOTAL COST
Pay the Median – Per MOU	--	\$9.9	\$9.9	\$9.9	\$9.9	\$9.9	\$49.5
POA Agreement		\$2.3	\$4.5	\$4.5	\$7.8	\$13.0	\$32.2
Skill Pay Costs	--	\$0.0	\$0.0	\$0.68	\$0.73	\$ 0.81	\$ 2.20
Total (Totals are cumulative)	--	\$2.3	\$4.5	\$5.2	\$8.6	\$13.8	\$34.4*
POA Agreement Savings (A negative number indicates savings)		(\$7.6)	(\$5.4)	(\$4.7)	(\$1.3)	\$3.9	(\$15.0)

* Due to midyear adjustments in FY 14, an additional \$1.7M will be incurred in FY 15.

General Salary Adjustments:

Agreed to reduce the 9.3% MOU Median Adjustment on 9/30/09 to 2%.

General Salary Increases for the New Five-Year Agreement:	
Fiscal Year	Increase
FY 10	0.0%
FY 11	2.0%
FY 12	0.0%
FY 13	3.0%
FY 14	
Oct 2013	3.0%
April 2014	3.0%
TOTAL	11%