



CITY OF LONG BEACH

DEPARTMENT OF HUMAN RESOURCES

R-27

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

September 20, 2011

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

1. Adopt the attached Resolution approving the Amendment to the 2009-2014 Memorandum of Understanding with the Long Beach Police Officer's Association; and
2. Adopt the attached Resolution for paying and reporting the lower value of the employer paid member contributions to the California Public Employees Retirement System employees represented by the Long Beach Police Officer's Association. (Citywide)

DISCUSSION

City management representatives and representatives of the Long Beach Police Officer's Association (LBPOA) have had a number of meet and confer sessions regarding the financial impacts of the Fiscal Year 2012 (FY 12) budget. Meetings have been concluded and an amendment to the Memorandum of Understanding (MOU) has been jointly executed with representatives of the employee organization.

The major provisions of the Amendment (attached) are agreement to an additional seven percent (7%) CalPERS pick-up in FY 12, representing one hundred percent (100%) of the employee's share; agreement to full CalPERS pick-up for new City employees; and agreement to a lower retirement formula of two percent (2%) at fifty (50) and three-year average final compensation for new employees represented by the Association.

Pursuant to the Amendment and pending approval of the Resolutions, effective October 8, 2011, employees represented by the LBPOA shall contribute an amount equal to nine percent (9%) of their annual salary towards their individual employee contribution. The Resolutions also provide that new City employees represented by this Association hired on or after October 8, 2011, shall pay one hundred percent (100%) of the normal member contribution.

In order for the City to make changes to the employer paid member contribution, 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 September 12, 2011.

TIMING CONSIDERATIONS

City Council action is requested on September 20, 2011 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

Over the term, this amendment will save the city \$16.6 million, not including the savings related to the changes to the pension plan for new POA members. In the last year of the contract, the savings is expected to be \$6.1 million and is expected to continue annually at that amount thereafter. These savings do not include the long-term savings due to changes to the pension plan for new employees.

Through FY 22, the agreement is projected to save the City's General Fund at least \$69 million including \$16 million from pension plan reductions for new POA members. Depending on the level of salary increases and hiring through FY 22, as previously reported through actuarial analysis, the savings could exceed \$100 million.

The total one-time cost of this agreement is \$2.575 million - \$1.575 million for advancement of pay increase and \$1 million for a requirement that the City potentially use up to that amount in FY 12 (only) to provide additional funding to the Police Department, if needed, to avoid police officer layoffs. Attrition is anticipated to accomplish the FY 12 budgeted reductions in police staffing so the \$1 million is not currently anticipated to be used to avoid layoffs. If not needed to prevent layoffs in FY 12, \$1 million would be used as an early pension payment to reduce future city pension payments. Due to the one-time nature of this funding, the City Manager recommends the use of \$2.575 million in Upland Oil fund balance.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



DEBORAH R. MILLS
DIRECTOR OF HUMAN RESOURCES

DRM:tb

Attachments

APPROVED:



PATRICK H. WEST
CITY MANAGER

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

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RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF LONG BEACH APPROVING AN AMENDMENT TO
THE 2009-2014 MEMORANDUM OF UNDERSTANDING
WITH THE LONG BEACH POLICE OFFICERS'
ASSOCIATION; 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 2009-2014 Memorandum of Understanding with the Long Beach
City Police Officers' Association; 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 2009-2014 Memorandum of
Understanding between the City of Long Beach and the Long Beach Police Officer's
Association, 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 to Memorandum 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
such other documents as may be necessary, to conform such resolution and documents

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

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

8 I hereby certify that the foregoing resolution was adopted by the City
9 Council of the City of Long Beach at its meeting of _____, 2011, by the
10 following vote:

11 Ayes: Councilmembers: _____

12 _____

13 _____

14 _____

15 Noes: Councilmembers: _____

16 _____

17 Absent: Councilmembers: _____

18 _____

19 _____

20 _____

21 _____

City Clerk

22 _____

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Amendment to the
October 1, 2009 – September 30, 2014
Memorandum of Understanding between the Long Beach Police Officers
Association and the City of Long Beach

Amend the following Articles and Sections of the Memorandum of Understanding between the City of Long Beach and the Long Beach Police Officers Association covering the period October 1, 2009 through September 30, 2014:

Amend Article One, Section VI – City Obligations and Responsibilities, D. Layoffs/Furloughs by adding:

Recognizing that during the life of this agreement the POA membership compensation will not reach the level it would have been had the September 30, 2009 median adjustment been awarded, and in consideration of the POA's willingness to help address the City's financial challenges, POA members will not be subject to mandatory layoffs in FY 12.

Amend Article Two, Section I – Listing of Positions and Rates of Pay 2009-2014 to read:

Section I – Listing of Positions and Rates of Pay 2009-2016

The hourly, bi-weekly and equivalent monthly salaries for the classifications represented by the Association for the period of October 1, 2009 through September 30, 2016 shall be in accordance with the salary schedule set forth in Appendix A.

The parties agree to re-open the agreement on or after October 1 of each fiscal year during the term of the extension (FY 15 and FY 16) with thirty (30) days notice by either party solely for the purpose of discussing wages and state law changes. Changes will only be made by mutual agreement of both parties.

Amend Article Two, Section II, VII, VIII, X.C paragraph one, by deleting the last sentence and adding:

The above skill pay(s) will increase as follows:

October 1, 2012	3%
October 1, 2013	3%
April 1, 2014	3%

Effective April 2, 2014, the flat rate amount of the above skill pay provisions effective on April 1, 2014 will be converted to a percentage of top step Police Officer base hourly rate.

Amend Article Two, Section XI – Overtime by adding:

Effective October 1, 2011, the City agrees to temporarily increasing the maximum amount allowed in an employee's overtime bank from one hundred and twenty (120) hours to one hundred and forty (140) hours. The Department will review this increase after one year.

Amend Article Five, Section I – Retirement Provisions, A. by adding:

Effective October 1, 2011, or shortly thereafter, the City shall contribute to PERS on behalf of each bargaining unit member covered by this agreement, zero percent (0%) of his or her nine percent (9%) individual employee contribution.

Amend Article Five, Section I – Retirement Provisions, B. Post Retirement Health Insurance Account Supplement by adding the following sentence:

The Post Retirement Health Insurance Account Supplement plan will expire close of day December 31, 2011. Post Retirement Health Insurance Account plan calculations for those retiring between October 1, 2011 and December 31, 2011 will be based on compensation as of September 30, 2011.

Amend Article Five, Section I – Retirement Provisions, C. Pension Formula Change by replacing the current language with the following language:

The LBPOA agrees to implement a new retirement formula of 2.0% @ 50 for those employees hired on or after October 1, 2011 or when the CalPERS contract has been amended, whichever is later. These employees shall contribute from their annual salary their full employee contribution to CalPERS. Final compensation for employees hired on or after October 1, 2011 or when the CalPERS contract has been amended, whichever is later, will be calculated based on a three-year average.

Amend Article Five, Section I – Retirement Provisions, D. Report the Value of Employer-Paid Member Contribution (EPMC) – Special Compensation by adding the following sentence:

Effective October 1, 2011, or shortly thereafter, the City will no longer designate EPMC as compensation earnable and report it as such to PERS for members of the bargaining unit.

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Amend Article Five, Section I – Retirement Provisions, by adding:

F. City Payment to Safety Unfunded Liability

The City agrees to make a one-time payment of one million dollars to CALPERS as an offset of the City's CALPERS unfunded liability for Safety at any time before the end of FY 14. It is understood that this may be used to mitigate layoffs.

Amend Article Nine, Section III – Term, by changing the second sentence to read:

This MOU and all its rights, obligations, terms, and provisions shall expire and otherwise be fully terminated at 2400 hours on September 30, 2016.

Amend Appendix A, Section III to read:

Section III- General Salary Increases

The Salary Resolution will be amended to provide the following salary increases for the classifications included in Section I above on the effective dates indicated :

October 1, 2010

2.00%	Police Officer
1.25%	Sergeant
2.00%	Lieutenant

October 1, 2011

8.00%	All Ranks
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April 1, 2014

1%	Police Officer
1%	Lieutenant

All terms and conditions of the October 1, 2009 to September 30, 2014 Memorandum of Understanding will remain in full force and effect through and including September 30, 2016 unless and except as amended by mutual agreement.

In witness thereof, the parties hereto have caused this Amendment to the Memorandum of Understanding to be executed this _____ day of September, 2011.

FOR THE LONG BEACH POLICE OFFICERS ASSOCIATION:

Stephen E. James, President

Ron Trott, Secretary

James Foster, Vice President

Philip Cloughsey, Treasurer

Douglas Bacon

Brian Bell

Jack Dial

Thomas Keleher

Steven Lauricella

Patrick O'Dowd

Robert Woods

FOR THE CITY OF LONG BEACH:

Patrick H. West
City Manager

Deborah R. Mills
Director of Human Resources

James McDonnell
Chief of Police

Ken Walker
Manager – Personnel Operations

Tara Brewer
Personnel Analyst

Nani Blyleven
Administrative Analyst