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Staff Report

City of Manhattan Beach

TO: Honorable Mayor Montgomery and Members of the City Council

THROUGH: Richard Thompson, Interim City Manager

FROM: Cathy Hanson, Director of Human Resources
Bruce Moe, Finance Director

DATE: December 7, 2010

SUBJECT: Consideration of Award of Contract to Liebert, Cassidy and Whitmore to Provide Labor Negotiation Services to the City for Contract Negotiations with the Teamsters, Police Officers Association and Fire Association for an Amount Not-to-Exceed \$25,000

RECOMMENDATION:

Staff recommends that the City Council authorize the City Manager to negotiate and execute a contract with Liebert, Cassidy and Whitmore to Provide Labor Negotiation Services to the City for contract negotiations with the Teamsters, Police Officers Association and Fire Association, for an amount not-to-exceed \$25,000.

FISCAL IMPLICATION:

Funds totaling \$25,000 are budgeted in the Human Resources budget in FY 2010-2011 for these services.

BACKGROUND:

The City has three bargaining units; Teamsters, which represents non-management, non-sworn Miscellaneous employees; the Police Officers Association, which represents all non-management sworn police employees; and the Firefighters Association, which represents non-management sworn fire employees. Their current Memoranda of Understanding (MOU's) expire in 2011: June 30 (Teamsters), August 5 (Police) and July 31 (Fire, whose contract was extended one year to coincide with the expiration of the other two groups in 2011).

DISCUSSION:

Given the fiscal challenges facing the City, and the expected deficits, negotiations with the labor groups take on increased importance as we look to improve the outlook. With labor costs comprising over 70% of the General Fund budget, meaningful changes in our labor cost structure are likely needed to improve our long term fiscal outlook.

Staff recommends that we retain an outside labor relations firm to assist in the negotiation process. All three groups will be negotiated either simultaneously or in very close proximity, which will allow the City/labor to take a comprehensive approach to employee compensation issues.

To this end, staff issued a request for Qualifications to several firms. The Finance Subcommittee and staff interviewed five firms. The interviews resulted in selection of three firms for further consideration. The firms included Best, Best and Krieger; The Law Offices of Brenda Diederichs; and Liebert Cassidy and Whitmore.

While all three firms (and assigned attorneys) had excellent references and are capable of performing the required tasks, the Finance Subcommittee supports staff's recommendation to retain the services of Liebert, Cassidy and Whitmore, and specifically, the services of attorney Peter Brown. Mr. Brown is qualified to handle our negotiations through his vast experience and knowledge. He is:

- Knowledgeable of other agencies' current negotiations and contract provisions. Negotiation strategies are constantly changing given the economy so "up to the minute" knowledge of what other agencies are doing (which could take staff or inexperienced negotiator a lot of time and money to compile) will be useful.
- Familiar with the bargaining units' expected representative(s) from prior negotiations, thereby increasing efficiency of our negotiations.
- Experienced and knowledgeable of how labor groups operate, prior pitfalls, etc.
- A skilled expert in helping the City avoid potential issues with contract language based on prior experience with other contracts as well as working with entities like PERS. He can also help the City avoid expensive lawsuits, etc. over contract language.
- Recognized as a facilitator in what are expected to be difficult negotiations with contentious items.
- Knowledgeable and skilled in negotiation process thereby avoiding bad faith bargaining, unfair labor practices, etc.

Our labor groups all retain professional negotiators to represent their interests. It is important, particularly in these economically difficult times, that the City has equally effective representation, which we believe is provided by Mr. Brown and Liebert, Cassidy and Whitmore.

Mr. Brown will bill at an hourly rate of \$270 for his services, but does not charge travel time. His rates are competitive as the other firms interviewed charge between \$225 and \$305 per hour.

With the contracts expiring next year with all three labor groups, staff believes that we will need to immediately schedule key meetings. Mr. Brown's role will be to meet with City Council and staff in closed session(s) to set policy and strategy, and then work closely with the City's team

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(City Manager, Human Resources Director, and Finance Director) to negotiate the Council's directives. Mr. Brown will also act as the City's spokesperson at the table with the labor groups. Staff timelines for discussions will be shared with the Council as they are developed.