



Staff Report

City of Manhattan Beach

TO: Honorable Mayor Nicholas W. Tell Jr. and Members of the City Council

THROUGH: David N. Carmany, City Manager

FROM: Cathy A. Hanson, Human Resources Director
Bruce Moe, Finance Director

DATE: December 6, 2011

SUBJECT: Side Letter Agreements Extending to December 31, 2012, the Most Recent Memorandums of Understanding (MOUs) Between the City of Manhattan Beach and the Manhattan Beach Police Officers' Association (POA), the Manhattan Beach Firefighters' Association, and the California Teamsters Local 911; Appropriation of \$108,808 from Available General Fund Balance to Fund Medical Cost Increases in the Current Fiscal Year for the POA (\$18,798), Teamsters (\$44,708) and Non-Represented Management/Confidential Employees (\$45,302)

RECOMMENDATION:

Staff recommends that the City Council approve the attached Side Letter Agreements extending the Memorandums of Understanding between the City of Manhattan Beach and the Manhattan Beach Police Officers' Association, the Manhattan Beach Firefighters' Association and the California Teamsters Local 911 until December 31, 2012. Staff also recommends that the City Council approve the appropriation of funds (\$108,808) from available General Fund Balance to fund medical costs in the current Fiscal Year for the POA, Teamsters and non-represented Management/Confidential employees.

FISCAL IMPLICATION:

The total estimated annual cost of extending the contracts through December 2012, with the Police Officers' Association, Firefighters' Association and Teamsters, along with the cost of reinstating Management/Confidential medical premiums in accordance with the existing City Rules and Regulations, is \$265,122. This includes \$186,528 in increased medical premiums and \$78,594 in scheduled step increases for the three represented groups (Management/Confidential compensation is merit-based only and does not have a step system). PERS implements rate changes in January each year. No other cost of living or merit based adjustments are included as a result of the contract extensions. The medical plan costs were not budgeted for this fiscal year pending the outcome of labor negotiations, while the step increases were budgeted in the current year.

The total estimated cost for the remainder of fiscal year 2011-2012 requiring an appropriation is \$108,808. The fiscal year 2012-2013 budget will reflect the balance of the annualized costs for the remainder of the contract period.

BACKGROUND:

The three existing labor agreements between the City and Employee Associations expired during the summer of 2011. City and Association representatives engaged in labor negotiations beginning in early 2011. Given the volatility of the economy and its impact on the City's budget, the union and management representatives negotiated an extension of the existing labor agreements until December 31, 2012. This affords time to assess the economy's impact on the budget, to further analyze wage and benefit data from other local bargaining units and neighboring jurisdictions, and to identify major issues and options before engaging in future negotiations.

Additionally, in fiscal year 2009-2010, the City's Rules and Regulations tied Management/Confidential medical premiums to the PERS Choice annual premiums. In a cost saving measure, the City Council passed Resolution No. 6272 in calendar year 2010 that suspended that rule and held the medical contribution to the FY 09-10 rate. The Resolution expired on June 30, 2011, returning the Management/Confidential medical premiums to the current PERS Choice premium.

DISCUSSION:

The Police Officers' Association, Firefighters' Association and the California Teamsters Local 911 have all agreed to extend their current agreements until December 31, 2012.

By extending the contracts, the City is obligated to continue to provide the medical/dental benefits outlined in the existing agreements, which varies by group shown below. Additionally, the expiration of Resolution No. 6272 returns the payment of medical premiums to the current rate from the FY 09-10 rate, for the Management/Confidential group provided for in the City's Rules and Regulations. Increased medical premiums for Management/Confidential were not budgeted in the current fiscal year, pending the outcome of negotiations with the three bargaining units.

Medical Costs

Police Association

The existing MOU ties benefits to the PORAC plan at the level at which the employee is enrolled.

Fire Association

The existing MOU provides for a flat dollar amount that is provided for medical and dental insurance from which the Fire Association determines the appropriate allocation among the membership.

California Teamsters Local 911

The existing MOU ties medical benefits to the Kaiser plan at the level at which the employee is enrolled. Fifty-five dollars (\$55) is provided for dental insurance and is not tied to any particular plan.

Management/Confidential (Unrepresented)

The existing Rules and Regulations tied Management/Confidential medical premiums to the PERS Choice annual rates.

<u>Costs by Group</u>	<u>FY 2011-2012 Cost</u>	<u>Annual Cost</u>
Police Association	\$18,798	\$32,225
Fire Association	\$ 0	\$ 0
Teamsters	\$44,708	\$76,643
Management/Confidential	\$45,302	\$77,660

Through extension of the MOUs and the expiration of Resolution 6272, the City is obligated to continue to provide the existing benefits provided for in the respective MOUs and Personnel Rules and Regulations. As a result, staff recommends appropriating \$108,808 from available General Fund Balance in order to fund these medical benefits.

- Attachments: A. Side Letter Agreement Police Officers' Association
B. Side Letter Agreement Fire Association
C. Side Letter Agreement California Teamsters Local 911

**SIDE LETTER AGREEMENT BETWEEN
THE CITY OF MANHATTAN BEACH
AND
THE MANHATTAN BEACH POLICE OFFICERS' ASSOCIATION**

The City of Manhattan Beach (hereinafter referred to as the "City") and the Manhattan Beach Police Officers' Association (hereinafter referred to as the "Association") hereby agree as follows:

The Memorandum of Understanding between the City and the Association, effective August 6, 2006 through August 5, 2011 will be extended and shall remain in full force and effect through December 31, 2012.

City of Manhattan Beach



David N. Carmany, City Manager



Cathy A. Hanson, HR Director

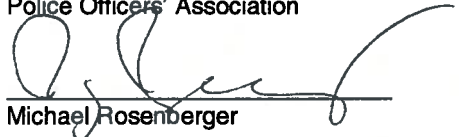


Bruce Moe, Finance Director



Eve Irvine, Police Chief

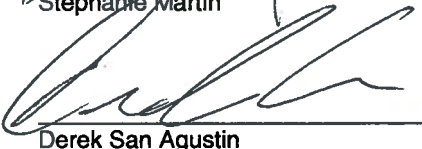
Police Officers' Association



Michael Rosenberger



Stephanie Martin



Derek San Agustin

**SIDE LETTER AGREEMENT BETWEEN
THE CITY OF MANHATTAN BEACH
AND
THE MANHATTAN BEACH FIRE FIGHTER'S ASSOCIATION**

The City of Manhattan Beach (hereinafter referred to as the "City") and the Manhattan Beach Firefighter's Association (hereinafter referred to as the "Association") hereby agree as follows:

The Memorandum of Understanding between the City and the Association, effective August 1, 2005 through July 31, 2010 and extended until July 31, 2011 will be extended again and shall remain in full force and effect through December 31, 2012.


City of Manhattan Beach



David N. Carhany, City Manager



Peter Brown, Robert, Cassidy, Whitmore



Cathy A. Harrison, HR Director



Bruce Mos, Finance Director

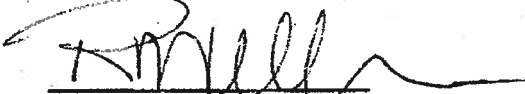


Robert Espinosa, Fire Chief

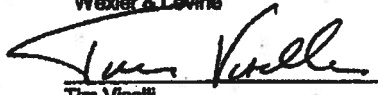
Fire Association



David Shenbaum



Rob Wexler, Silver, Hadden, Silver,
Wexler & Levine



Tim Visetti



Tim O'Brien



John Duimaga

**SIDE LETTER AGREEMENT BETWEEN
THE CITY OF MANHATTAN BEACH
AND
THE CALIFORNIA TEAMSTERS LOCAL 911**

The City of Manhattan Beach (hereinafter referred to as the "City") and the California Teamsters Local 911 (hereinafter referred to as the "Teamsters") hereby agree as follows:

The Memorandum of Understanding between the City and the Teamsters, effective July 1, 2006 through June 30, 2011 will be extended and shall remain in full force and effect through December 31, 2012.

City of Manhattan Beach



David N. Carmany, City Manager



Cathy A. Hanson, HR Director



Bruce Moe, Finance Director



Jim Arndt, Director of Public Works


California Teamsters Local 911



Gregorio Daniel, Business Representative



Ada Wallace



Roz Britton



Barbara Rosenberger



Jason Sandoval