

**REPORT TO MAYOR AND COUNCIL**

TO THE HONORABLE MAYOR AND COUNCIL:

DATE: May 6, 2014

SUBJECT: AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF CONCORD AND THE CONCORD POLICE ASSOCIATION REPRESENTING THE PEACE OFFICER REPRESENTATION UNIT FOR THE PERIOD JULY 1, 2014 THROUGH JUNE 30, 2015

Report in Brief

On December 10, 2013, the Concord Police Association (“POA”) approached the City to request modifications to its Memorandum of Understanding (“MOU”) that expires June 30, 2014. Representatives from the City and the POA met to discuss the requested modifications, and reached a tentative agreement to amend the current MOU. Consequently, the Council is being asked to approve these deal terms, as described in the tentative agreement and this staff report, which include pay and benefit adjustments that consist of changes in retirement benefits that fully implement the Public Employees’ Pension Reform Act of 2013 (“PEPRA”), a reduction in the cash-in-lieu of medical insurance benefit, and a general wage increase. Additionally, the City and POA have agreed to meet and discuss ways to address the City’s concerns and objectives over Other Post-Employment Benefits (“OPEB”) liabilities. City staff has been advised by the Peace Officer Representation Unit that on April 15, 2014, their membership ratified the attached tentative agreement (Attachment 3).

If approved by the City Council this evening, staff will prepare and execute an Amendment to the Memorandum of Understanding incorporating the agreed upon changes.

Discussion

Given the continuing economic challenges facing the City, the City and its employees have taken many steps over the last several years to address the City’s overall budget deficit including, but not limited to, pay and benefit concessions. The agreement presented here represents another compromise between POA and the Council to further address rising pension and health benefit costs. Additionally, this agreement provides a general wage increase for the first time since 2010.

**AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN
THE CITY OF CONCORD AND THE CONCORD POLICE ASSOCIATION
REPRESENTING THE PEACE OFFICER REPRESENTATION UNIT FOR THE
PERIOD JULY 1, 2014 THROUGH JUNE 30, 2015**

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In summary, the agreement provides the following changes to the Memorandum of Understanding:

- Effective the first full pay period in July 2014, the City will discontinue the Employer Paid Member Contribution (“EPMC”). POA members will begin paying the full 9% member contribution to their pension benefits. In exchange, effective the first full pay period in July 2014, wages will be increased by 3.5%.
- Effective the first full pay period following July 1, 2014, “new members”¹ hired after January 1, 2013, shall pay 50% of the CalPERS normal cost for pension benefits, as per State law.
- Effective the first full pay period following July 1, 2014, all employees will receive a 2% base wage cost of living increase.
- Effective January 1, 2015, the monthly health waiver benefit will be reduced from \$637/month to \$400/month for employees hired before January 1, 2015, and to \$200/month for employees hired on or after January 1, 2015.
- The parties agree to meet in good faith during the term of the MOU in an effort to reach a mutual agreement over changes to retiree medical benefits for incorporation into a successor MOU.
- The parties agree to extend the current MOU by 1 year until June 30, 2015.
- All remaining provisions of the MOU not specifically addressed in the agreement remain intact.

Fiscal Impact

The impact of this agreement on the FY 14-15 budget is an increase of \$437,000.

Public Contact

Posting of Council Agenda and notification to the Concord Police Association.

¹ *New Member* is defined in PEPR as a new hire (on or after 1/1/13) who is brought into CalPERS membership for the first time, and has no prior membership in any California public retirement system, and who is not eligible for reciprocity with another California public retirement system, or who has been a member of CalPERS but has had a break in service of greater than 6 months.

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Recommendation for Action

Staff recommends that the Council approve the following Resolution:

1. Adopt Resolution No. 14-4735.3 approving an Amendment to the Memorandum of Understanding between the City of Concord and the Concord Police Association representing the Peace Officer Representation Unit for the period July 1, 2014 through June 30, 2015.
2. Adopt Resolution No. 14-4735.2 Authorizing Discontinuing Paying and Reporting the Value of Employer Paid Member Contributions for Sworn Employees – Concord Police Association.

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- Attachment 1: Resolution No. 14-4735.3
Attachment 2: Resolution No. 14-4735.2
Attachment 3: Tentative Agreement with POA

**BEFORE THE CITY COUNCIL OF THE CITY OF CONCORD
COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA**

**A Resolution Approving an Amendment to the
Memorandum of Understanding between the City of
Concord and the Concord Police Association
Representing the Peace Officer Representation Unit
for the Period July 1, 2014 through June 30, 2015**

Resolution No. 14-4735.3

WHEREAS, the Memorandum of Understanding between the City of Concord and the Concord Police Association representing the Peace Officer Representation Unit is set to expire on June 30, 2014; and

WHEREAS, City representatives and the duly appointed representatives of the Concord Police Association have met and conferred in accordance with Section 3500 et seq. of the California Government Code; and

WHEREAS, the membership of the Peace Officer Representation Unit ratified the attached agreement on April 8, 2014; and

WHEREAS, the City Manager and City staff recommend the terms and conditions of the Memorandum of Understanding amendment be approved by City Council.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CONCORD DOES
RESOLVE AS FOLLOWS:**

Section 1. Approves the Amendment to the Memorandum of Understanding between the City of Concord and the Concord Police Association, representing the Peace Officer Representation Unit, to include the attached agreement.

Section 2. Directs staff to prepare a written Amendment to the Memorandum of Understanding between the City of Concord and the Concord Police Association representing the Peace Officer Representation Unit incorporating the agreed-upon-changes and such further technical and clarifying changes as may be approved by Concord Police Association representatives and the City Manager.

Section 3. Authorizes the City Manager to execute the amendment of the Memorandum of Understanding on behalf of the City.

Section 4. This resolution shall become effective immediately upon its passage and adoption.

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PASSED AND ADOPTED by the City Council of the City of Concord on May 6, 2014, by the following vote:

AYES: Councilmembers -

NOES: Councilmembers -

ABSTAIN: Councilmembers -

ABSENT: Councilmembers -

I HEREBY CERTIFY that the foregoing Resolution No. 14-4735.3 was duly and regularly adopted at a regular meeting of the City Council of the City of Concord on May 6, 2014.

Mary Rae Lehman, CMC
City Clerk

APPROVED AS TO FORM:

Mark S. Coon
City Attorney

**BEFORE THE CITY COUNCIL OF THE CITY OF CONCORD
COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA**

**A Resolution Discontinuing Paying and Reporting the
Value of Employer Paid Member Contributions for
Sworn Employees – Concord Police Association**

Resolution No. 14-4735.2

WHEREAS, the governing body of the City of Concord has the authority to implement Government Code Section 20636 (c) (4) pursuant to Section 20691; and

WHEREAS, the governing body of the City of Concord has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation; and

WHEREAS, the parties to said written labor policy or agreement have agreed that the normal member contribution payments paid by the employer, and reported as additional compensation be discontinued; and

WHEREAS, one of the steps in the procedures to implement Section 20691 is the adoption by the governing body of the City of Concord of a Resolution to discontinue paying and reporting the value of said Employer Paid Member Contributions (EPMC); and

WHEREAS, the governing body of the City of Concord has identified the following conditions for the purpose of its election to EPMC:

- This benefit shall apply to all employees of the Concord Police Association.
- This benefit shall consist of paying 0% of the normal contributions as EPMC, and reporting the same percent (value) of compensation earnable (excluding Government Code Section 20636 (c) (4)) as additional compensation.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CONCORD DOES
RESOLVE AS FOLLOWS:**

Section 1. The City of Concord elects to discontinue paying and reporting the value of EPMC as set forth above.

Section 2. The provisions contained in this resolution shall become effective the first full pay period in July 2014.

Section 3. This resolution shall become effective immediately upon its passage and adoption.

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PASSED AND ADOPTED by the City Council of the City of Concord on May 6, 2014, by the following vote:

AYES: Councilmembers -

NOES: Councilmembers -

ABSTAIN: Councilmembers -

ABSENT: Councilmembers -

I HEREBY CERTIFY that the foregoing Resolution No. 14-4735.2 was duly and regularly adopted at a regular meeting of the City Council of the City of Concord on May 6, 2014.

Mary Rae Lehman, CMC
City Clerk

APPROVED AS TO FORM:

Mark S. Coon
City Attorney

**City of Concord
and
Concord Police Association**

**Tentative Agreement
April 15, 2014**

The parties agree to the following terms as part of a 1-year successor Memorandum of Understanding between the City of Concord and the Concord Police Association. The parties will work together to finalize a new MOU incorporating the following terms and those changes specifically negotiated as part of the 2010 agreement which extended the MOU to 2014 (attached).

1. Term

The new MOU will have a term of 1 year (July 1, 2014-June 30, 2015).

2. Employee PERS Contribution

- Classic Members
 - Effective the first full pay period following July 1, 2014, “Classic” or “legacy” employees in the bargaining unit will contribute the full 9% member contribution and the City will pay no portion of the member contribution.
- New Members
 - As required by PEPRRA for “new members” hired after January 1, 2013, the City provides the California Public Employee Retirement System Local Safety 2.7% at 57 retirement formula, and complies with Government Code sections 7522 et seq., including but not limited to a cap on pension benefits, and the three year average for calculating final compensation.
 - In addition, in compliance with PEPRRA, effective the first full pay period following July 1, 2014, new members shall pay the full amount required under the PEPRRA. Specifically, those employees will pay 50% of the normal cost for their pension benefit.

3. Wages; Provide a 5.5% base wage increase structured as follows:

- Effective the first full pay period following July 1, 2014, base wage for all bargaining unit classifications will be increased by 5.5%. Of that 5.5% wage

City of Concord and Concord Police Association

increase, 3.5% is intended to offset the increased cost of the member PERS contribution. The remainder is intended to constitute a general 2% wage increase.

4. Health and Welfare

- Effective January 1, 2015, for those qualified and hired by the City of Concord before January 1, 2015, Medical in Lieu payments shall be \$400 per month.
- Effective January 1, 2015, for those qualified and hired by the City of Concord on or after January 1, 2015, Medical in Lieu payments shall be \$200 per month.

5. Retiree Medical

The City and the Concord Police Association agree to meet and discuss retiree healthcare benefits.

Either the City or PA may provide notice to the other of its request to meet and discuss. Upon such notice, the parties shall begin these meetings within ten (10) calendar days after the City or PA receives notice from the other. The City and PA shall continue to meet in good faith during the term of this MOU in an effort to reach a mutual agreement over changes to retiree medical benefits for incorporation into a successor MOU.

Such discussions do not constitute "meet and confer" or a waiver of the MOU, or an agreement to reopen the MOU. It is the intention of the Association to engage in meaningful discussions in an attempt to address the City's concerns and objectives over OPEB liabilities. Any changes to retiree medical benefits during the term of this MOU shall be by mutual agreement.

6. Remaining terms.

All other terms and conditions of the current MOU and extension agreement will remain in place and effective until June 30 of 2015, unless modified by the terms set forth above.

Date:

Date:

4/15/2014

For the City:

For the PA:

