



## AGENDA REPORT

**Meeting Date:** August 12, 2014

**Item Number:** C-3

**To:** Honorable Mayor & City Council

**From:** Peter Brown, Labor Negotiator

**Subject:** MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF BEVERLY HILLS AND THE MANAGEMENT AND PROFESSIONAL EMPLOYEES ASSOCIATION OF BEVERLY HILLS

**Attachments:**

1. Agenda Report – May 20, 2014 (without attachments)
2. Tracked Changes Memorandum of Understanding (MOU)
3. 2013-2015 Management and Professional Employee Association Memorandum of Understanding
4. Fiscal Analysis

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### **RECOMMENDATION**

It is recommended that the attached Memorandum of Understanding between the City of Beverly Hills and the Management and Professional Employees Association of Beverly Hills be approved.

## INTRODUCTION

The Management and Professional Association of Beverly Hills represent all members within the miscellaneous employee unit in the City that are in managerial or professional positions. The last Memorandum of Understanding (MOU) expired October 5, 2013. Representatives of the Association and the City, having met and conferred in good faith since August of 2013, have agreed to the terms found in the attached MOU. The new agreement has a term of two years from October 6, 2013 to September 30, 2015.

## DISCUSSION

In December 2013, the City Council adopted a COIN Ordinance (Civic Openness in Negotiations) addressing the procedure for adopting or amending a memorandum of understanding between the City and an exclusively recognized employee organization, which includes the following provisions:

1. The Lead Negotiator on behalf of the City shall not be an employee of the City – *the City has been using an independent negotiator for 7+ years*
2. A fiscal analysis of the proposed MOU conducted by an independent firm
3. Adoption of the MOU only after the MOU is placed on two Council agendas at least two weeks apart (not on the Consent Calendar)
4. The MOU and fiscal analysis are to be posted on the City's website at least 72 hours before the first Council meeting

Negotiations for a successor MOU began in August 2013. Representatives of the Association and the City agreed to terms that were presented to the City Council at the meeting of May 20, 2014 (as reflected in Attachment 1), which was the first time that the MOU was placed on a City Council agenda. The MOU was again placed on the City Council agenda for the June 17<sup>th</sup> Council meeting; however, Council continued consideration of the MOU to the meeting of June 24<sup>th</sup>. The MOU was presented to the Council on its agenda for a third time at the meeting of June 24<sup>th</sup>. However, Council did not approve the MOU at the meeting of June 24<sup>th</sup> and on July 2<sup>nd</sup>, directed its negotiator to make an alternate offer, which consisted of the following terms:

- **Term:** 4 years (October 1, 2013 through September 30, 2017)
- **Retirement:** All employees required to pay the member share of the pension cost (8%) which eliminates the payment and reporting of the CalPERS member contribution, effective June 28, 2014
- **Salary:** 12% increase (8% for retirement offset); the Associations were informed that if they offered 13% salary increase for the 8% member contribution it would be accepted
- All the other terms of the MOU would remain the same as the previously agreed upon two year agreement (as reflected in Attachment 1)

The Association rejected the four year offer. On July 29<sup>th</sup>, Council authorized its negotiator to offer the previously agreed to two-year MOU retaining the effective date of June 28, 2014 for the salary increase and the requirement that employees pay the CalPERS member contribution. On July 30, 2014, the Association accepted the two year offer.

**FISCAL IMPACT**

In compliance with the Beverly Hills Municipal Code, Article 5 Section 2-5-505: Economic Analysis, a fiscal impact analysis of the proposed memorandum of understanding was conducted by the outside firm, MGO Certified Public Accountants. The attached report found that although there was a calculation discrepancy between the two years of the contract, "the total of salary and benefits allocated over both years was correct."

Over the next two years, this Memorandum of Understanding will result in a net increase in compensation related costs to the City of \$302,383.



Don Rhoads

Finance Approval



Shelley Ovrom

Human Resources Approval