



MEETING DATE: 06/15/09
ITEM NO.

5

COUNCIL AGENDA REPORT

DATE: June 11, 2009

TO: MAYOR AND TOWN COUNCIL

FROM: GREG LARSON, TOWN MANAGER *GL*

SUBJECT: ADOPT RESOLUTION APPROVING AN AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE TOWN OF LOS GATOS AND THE LOS GATOS POLICE OFFICERS' ASSOCIATION FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2012 AND AUTHORIZING THE TOWN MANAGER TO EXECUTE THE AMENDMENT

RECOMMENDATION:

Adopt resolution approving an amendment to the Memorandum of Understanding between the Town of Los Gatos and the Los Gatos Police Officers' Association for the period July 1, 2009 through June 30, 2012 and authorizing the Town Manager to execute the amendment.

BACKGROUND:

In accordance with the Town's Employer-Employee Relations Resolution No. 1974-41, representatives of the Town and the Los Gatos Police Officers' Association have met and conferred in good faith and within the scope of representation. The parties have reached agreement to amend the existing Memorandum of Understanding and the employees represented by POA have ratified the proposed amendment.

DISCUSSION:

As the Town faces worsening economic conditions and declining revenues, the Town's five-year forecast continues to be negatively impacted. To address the economic downturn, the Town is taking fiscally prudent budget actions including reducing expenses across all departments, eliminating certain vacant positions, reducing overtime, reducing temporary staffing and invoking a management pay freeze. To further address the budget gap, the Town requested that POA assist the Town's efforts by reducing payroll costs. In response to this request, the POA agreed to restructure their existing union agreement with the Town by spreading their previously negotiated increase of 8% over two years to 8% over three years. The restructuring of their agreement provides immediate savings for the new fiscal year and reduces base payroll for the future.

PREPARED BY:

Rumi Portillo

Reviewed by: 143 Assistant Town Manager OK Town Attorney _____ Clerk Administer
_____ Finance _____ Community Development Revised: 06/11/2009 10:33 AM

Reformatted: 5/30/02

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MAYOR AND TOWN COUNCIL

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June 11, 2009

This agreement to restructure the agreement will extend the current Memorandum of Understanding by one year and will spread the existing 8% increase as follows:

Current MOU (8% over next two years)	New / Amended Agreement (8% over next three years)
4% July 1, 2009	2% July 1, 2009
4% July 1, 2010	2% July 1, 2010
Expires June 30, 2011	4% July 1, 2011
	Expires June 30, 2012

By restructuring the contract in this manner, the Town will save approximately \$415K over three years for an average of \$138,500 in savings each year. In recognition of the savings gained by the Town, the Town agrees that POA will not be subject to unpaid furloughs in FY 2009/10.

CONCLUSION:

The POA and Town negotiators worked diligently to develop this proposed amendment to save payroll costs to the Town. The POA membership has also showed its support by ratifying the amendment in a membership vote. Thus, the attached resolution approving the amendment to the Memorandum of Understanding for POA-represented positions is recommended for adoption.

FISCAL IMPACT:

This agreement will result in a savings of \$116K in FY 2009/10, \$239K in FY 2010/11. For FY 2011/12, the agreement results in a \$60K reduction in forecasted salaries.

The savings for FY 2009/10 have been assumed in the adopted budget. Funding to support POA salaries in the additional years of the agreement will be included in the proposed annual budgets for FY 2010/11 and FY 2011-12.

Attachments:

1. Resolution approving the amendment to the Memorandum of Understanding between the Town of Los Gatos and the Los Gatos Police Officers' Association for the period July 1, 2009 through June 30, 2012 and authorizing the Town Manager to execute the Memorandum of Understanding
2. Proposed Sideletter Agreement

RESOLUTION NO. 2009-

ADOPT RESOLUTION APPROVING AN AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE TOWN OF LOS GATOS AND THE LOS GATOS POLICE OFFICERS' ASSOCIATION FOR THE PERIOD JULY 1, 2009 THROUGH JUNE 30, 2012 AND AUTHORIZING THE TOWN MANAGER TO EXECUTE THE AMENDMENT

WHEREAS, representatives of the Town and the Los Gatos Police Officers' Association, in accordance with the Town's Employer-Employee Relations Resolution No. 1974-41, have met and conferred in good faith within the scope of representation, and

WHEREAS, the representatives of the Los Gatos Police Officers' Association bargaining team have indicated that the union membership ratified the proposed Amendment to the Memorandum of Understanding, as represented by the Budget Sideletter Agreement dated May 21, 2009, attached hereto as Exhibit A and incorporated herein.

RESOLVED, by the Town Council of the Town of Los Gatos, County of Santa Clara, State of California, that the Town Council approves the amendment to the Memorandum of Understanding between the Town of Los Gatos and the Los Gatos Police Officers' Association for the period July 1, 2009 through June 30, 2012 and that the Town Manager is hereby authorized to sign the attached agreement on behalf of the Town.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos, California, held on the 15th day of June, 2009 by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED: /s/ Mike Wasserman

**MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA**

ATTEST:

/s/ Jackie Rose

**CLERK ADMINISTRATOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA**

**Town of Los Gatos
and
Los Gatos Police Officers Association**

**Budget Sideletter Agreement
May 21, 2009**

This Side Letter of Agreement is executed by and between the Town of Los Gatos ("Town") and the Los Gatos Police Officers' Association ("LGPOA"). This Sideletter is intended to amend the provisions of the 2008-2011 Memorandum of Understanding ("MOU") between the parties.

1. Term (Section 2)

The term of this Memorandum of Understanding shall be ~~three (3)~~ **four** and ~~one-~~ half **(4 1/2)** years, commencing on January 1, 2008 and terminating on June 30, 2011**2012**.

2. Salary (Section 7)

Replace current language with the following

FY 2010: Effective July 1, 2009, all salary steps will be increased by two percent (2%) for fiscal year 2010.

FY 2011: Effective July 1, 2010, all salary steps will be increased by two percent (2%) for fiscal year 2011.

FY 2012: Effective July 1, 2011, all salary steps will be increased by four percent (4%) for fiscal year 2012.

3. Furloughs

In consideration of the promises made herein, the Town agrees that it will not exercise its right to impose unpaid furlough days for bargaining unit employees in fiscal year 2009-2010. The Town reserves the right to impose unpaid furloughs in future fiscal years, subject to a thirty (30) day notice period. The parties agree to negotiate over the impact of furloughs on 24/7 operations.

This agreement will not affect the Town's right to implement paid furlough or closure days (i.e., furlough days where employees may use vacation or compensatory time off for furlough days such as during the period between Christmas and New Year) per the existing "Regarding Furlough Days" side letter.