



Honorable Mayor and Members of the Hermosa Beach City Council

ADOPT A RESOLUTION TO ADOPT THE SIDE LETTER TO THE PROFESSIONAL AND ADMINISTRATIVE EMPLOYEE GROUP MEMORANDUM OF UNDERSTANDING FOR FISCAL YEARS 2026-2028

(Human Resources, Cynthia Stafford)

Recommended Action:

Staff recommends City Council adopt a Resolution to adopt the Side Letter to the Professional and Administrative Employees (PAE) Memorandum of Understanding (**Attachment 1**).

Executive Summary:

In the recently approved Memorandum of Understanding for the Professional and Administrative Employees bargaining unit, it contained a “Me Too” clause that indicated if another bargaining unit received salaries or benefits greater than PAE, that PAE would also be entitled to the additional benefits and/or salary. The City of Hermosa Beach City Council approved a Memorandum of Understanding for the General and Supervisory Employees’ Bargaining Unit, Teamsters Local 986, that contained additional vacation time for tenured employees. In accordance with Article 50 of the 2025-2028 MOU for the Professional and Administrative Employee Group, PAE is being afforded this additional vacation time.

Background:

The Meyers-Milias Brown Act (MMBA) requires that local public agencies negotiate with their respective bargaining units regarding wages, hours, and working conditions. The current Memoranda of Understanding for PAE is from July 1, 2025, through June 30, 2028.

The MMBA allows agencies and the recognized employee associations to adopt changes to the MOUs to address emerging issues without impacting the current MOU provisions, in the form of a side letter, assuming the changes were mutually agreed upon and the MOU does not contain a zipper clause¹.

¹ The Public Employment Relations Board defines a zipper clause as a clause in a collective bargaining agreement that permits both parties to refuse to bargain over changes to matters covered by the clause.

The City's aim through labor negotiations is to maintain competitive wages, hours, and working conditions in a high-cost geographic labor market to retain and attract a high-quality workforce to serve the community across a range of services. Periodically, during the term of an MOU, the City needs to make modifications to MOU provisions to meet the changes and dynamic needs of Hermosa Beach.

Past Council Actions

Meeting Date	Description
June 24, 2025	City Council approved the Memorandum of Understanding (MOU) between the City of Hermosa Beach and Professional and Administrative Employee Group (PAE) for the 2026–2028 fiscal years.

Analysis:

The City of Hermosa Beach has 11 benchmark agencies for which the city compares its salaries and benefits. These 11 benchmark agencies are within our labor market and benchmarking our salaries and benefits allows the City to remain competitive in the tight labor market. Of the 11 benchmark agencies, Hermosa Beach ranked in the bottom third (1/3) of vacation hours offered to employees, with only four other agencies providing our maximum of 160 hours of vacation for employees with more than 18 years of service. Conversely, our benchmark agencies afforded their employees up to more than 130 hours of accrued vacation time for the most tenured staff, with the average being 40 more vacation hours than Hermosa Beach's employees.

The tentative Side Letter contains the following amendment to Article 35 (Vacation):

Year of Service	Max Annual Accrual	New Max Accrual Rate
1 st – 3 rd	80 hours	No change
4 th – 5 th	96 hours	No change
6 th – 9 th	112 hours	120 hours
10 th – 13 th	128 hours	144 hours
14 th – 17 th	144 hours	168 hours
18 th	160 hours	192 hours

No changes were made the amount of vacation time an employee can cash out annually, thus having no direct financial impact to the City.

Fiscal Impact:

There is no direct fiscal impact associated with the recommended action since no changes were made to the amount of vacation time an employee can cash out annually.

MOU approved employee vacation cash outs are budgeted based on historical trends.

Attachments:

1. Draft Resolution and Side Letter
2. Professional and Administrative Employees MOU 2025-2028

Respectfully Submitted by: Cynthia Stafford, Human Resources

Noted for Fiscal Impact: Henry Chao, Finance Manager

Concur: Brandon Walker, Administrative Services Director

Legal Review: Todd Leishman, Interim City Attorney

Approved: Steve Napolitano, Interim City Manager