



Honorable Mayor and Members of the Hermosa Beach City Council

ADOPT A RESOLUTION TO APPROVE A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF HERMOSA BEACH AND THE MANAGEMENT GROUP EFFECTIVE JULY 1, 2025 – JUNE 30, 2028

(Human Resources, Cynthia Stafford)

Recommended Action:

Staff recommends City Council adopt a Resolution (**Attachment 1**) approving the Memorandum of Understanding (MOU) between the City of Hermosa Beach and the Management Group (**Attachment 2**) for the Fiscal Years (FY) 2026-2028.

Executive Summary:

Negotiations for a successor to the Memorandum of Understanding (MOU) between the City and the Management Group have resulted in a tentative agreement. The City and the Management Group met and conferred in accordance with the Meyers-Milias Brown Act and have reached a tentative agreement on the terms and conditions of employment. The terms of the tentative agreements are summarized below.

The total estimated cost of the negotiated changes is \$570,000 for FY 2026 – 2028.

Background:

The Meyers-Milias Brown Act requires that local public agencies negotiate with their respective bargaining units regarding wages, hours, and working conditions. Agreements with the City's bargaining units expired at the end of June and, under direction from the City Council, the Council approved City negotiating team has been in negotiations with each of the bargaining units for new terms.

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 our community across a range of services. Most position classifications in the City are comparable to those in other municipalities. The City contracted with Reward Strategy Group to conduct a compensation study using eleven benchmark cities in the region for labor market comparisons.

The City's negotiating team met and conferred with representatives of the Management Group to discuss wages, hours, and other terms and conditions of employment contained in the MOU that expired on June 30, 2025.

This bargaining unit consists of the following classifications:

- City Clerk
- Community Development Director
- Community Resources Director
- Administrative Services Director
- Public Works Director
- Police Chief

The parties have reached a tentative agreement within the authority provided by City Council and on the terms described below. The membership of the Management Group met and ratified the terms of the tentative agreement on September 18, 2025, as set forth in the new MOU, and hereby submitted to the City Council for approval.

Discussion:

The tentative MOU between the City and Management Group includes the following negotiated terms:

1. Term of the agreement to be July 1, 2025 - June 30, 2028.
2. Article 14 - Wage Rate. The parties agreed to the following salary increases over the next three years.
 - A. Effective July 1, 2025, the salary table shall be adjusted to bring all bargaining unit positions that are below market to median as determined by the 2024 Reward Strategy Group Salary Survey Results.
 - B. Effective July 1, 2025, and after the implementation of median adjustments, where applicable, the salary table for all classifications will be increased by an additional three percent (3.0%).
 - C. Effective July 1, 2026, and after the implementation of median adjustments, where applicable, the salary table for all classifications shall be increased by three percent (3.0%).
 - D. Effective July 1, 2027, and after the implementation of median adjustments, where applicable, the salary table for all classifications shall be increased by three percent (3.0%).
3. Article 12 - Deferred Compensation. The parties agreed the City will increase their contributions to the employees' deferred compensation accounts by \$2,000 per year.
4. Article 15 – Police Chief Premium Pays. Increase the uniform allowance by \$200 annually and increase the possession of a POST Executive Certification premium pay to 10%.

5. Article 20 – Vacation. Increase vacation hours in the following manner:
From 178 to 210 hours per year after nine (9) years or more of service.
6. Article 22 – Management Leave. Increase Management Leave by ten (10) hours per year.
7. Article 27 – Holidays. Add half-day (5 hours) holiday on Christmas Eve and New Year’s Eve and delete Section C, Holiday Flex Time of ten (10) hours.

Fiscal Impact:

The total cost of the negotiated changes is estimated to be \$570,000 for FY 2026 to FY 2028. Staff will budget the applicable change in each subsequent fiscal year’s proposed budgets.

Attachments:

1. Draft Resolution
2. Management Employees Memorandum of Understanding

Respectfully Submitted by: Cynthia Stafford, Human Resources

Noted for Fiscal Impact: Henry Chao, Finance Manager

Concur: Brandon Walker, Administrative Services Director

Legal Review: Jason Baltimore, Interim City Attorney

Approved: Steve Napolitano, Interim City Manager