

Agenda Report

DATE: June 1, 2015

TO: Honorable Mayor and City Council

FROM: Human Resources Department

RE: APPROVAL OF A MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF PASADENA AND THE PASADENA POLICE OFFICERS ASSOCIATION FOR THE TERM OF APRIL 22, 2013 - JUNE 30, 2018

RECOMMENDATION:

It is recommended that the City Council approve a successor Memorandum of Understanding (MOU) between the City of Pasadena (City) and the Pasadena Police Officers Association (PPOA) for the term of April 22, 2013 through June 30, 2018.

EXECUTIVE SUMMARY:

The current MOU with PPOA expires June 30, 2016 and the attached MOU incorporates the previously approved contract items along with adjustments to address recruitment and retention issues in the Police department. The new MOU extends the contract through June 30, 2018. The adjustments focus on compensation elements designed to improve our place in the competitive market to both retain valuable Police Officers and enhance recruitment efforts to maintain staffing levels.

Key areas of change include modification of the salary structure, additional annual compensation adjustments, incentives for attracting Lateral Police Officer candidates, modifications in Police specialty pay, alignment to the City's standard for medical insurance and EOBF allowances, adjustments to holiday pay practices and a reduction of liability associated with holiday leave banks.

BACKGROUND:

The City and representatives of PPOA negotiated a successor MOU that was approved by the City Council on September 9, 2013. This agreement included numerous modifications to the PPOA MOU. In the past several months, the City and PPOA have been in discussions resulting from the potential loss of well trained employees who have

been with the City for eight to twelve years and are considering lateral transfers to other police agencies. Several well respected Police agencies in our region have initiated significant recruitment efforts to attract Lateral Police Officers from agencies such as Pasadena. These cities also have a competitive compensation package that exceeds the pay and benefits we are currently offering which has resulted in an interest in lateral transfers from Pasadena to these agencies.

During the past six years, PPOA has joined with other bargaining units to assist the City in our efforts to maintain our fiscal stability. As such, limited compensation adjustments have been granted. The impact has resulted in Pasadena falling behind in the marketplace. The market comparability factor combined with an increase of other agencies that we compete with, who are conducting significant hiring of Police Officers, puts our organization at risk.

In discussions with the Police department and PPOA, we have focused on a multi-faceted approach to these potential risks with recruitment and retention being our primary goals. We have implemented continuous hiring by holding testing dates and recruitment efforts on an ongoing basis, and the Police department has increased its outreach to Lateral Officers from other agencies and added resources to inspire entry level officers from the local area and throughout southern California to join the Pasadena Police department.

In the effort to increase retention, we have reviewed our market competitors' compensation and benefits and have met and conferred in good faith with PPOA to jointly identify adjustments targeted at retaining our well trained officers. We have reached an agreement on a successor MOU, which has been ratified by PPOA and provides for modifications to the MOU approved on September 9, 2013. The full MOU with all provisions is attached. The following is a summary overview of the key modifications:

1. Compensation: The existing salary structure includes five steps. This agreement extends the salary range to ten steps for Police Officers and seven steps for Police Corporals. Movement through the steps can occur annually.

Effective the pay period that includes July 1, 2015, the Police Officer Step 1 will be increased by 8.65%. There will be ten steps with a minimum differential of 2.5%.

Effective the pay period that includes July 1, 2015, the Police Corporal step 1 will be increased by 3.5%. There will be seven steps with a minimum differential of 2.5%.

Effective the pay period that includes July 1, 2016, base pay will be increased by 2%.

Effective the pay period that includes July 1, 2017, base pay will be increased by 1.5%.

The salary schedule that illustrates the step adjustments and increases is Exhibit I of the MOU.

2. Lateral Incentive Pay is a new benefit that provides Lateral Police Officers hired by the City three \$2,500 incentive pays: upon completion of thirty days of service, at six months, and upon successful completion of the twelve month probationary period. Lateral Police Officers receive an initial bank of forty (40) hours of sick leave upon hire.
3. Special Assignment Pay: Effective the beginning of the pay period that includes June 30, 2018, the following special assignment pays will be modified from a flat based monthly pay to the following:
 - a. Motorcycle Pay – 3.75% of base pay
 - b. Helicopter Pilot Pay – 8.75% of base pay
 - c. Flight Time Premium (Helicopter Observer Duty) – 3.75% of base pay
 - d. Field Training Officer (FTO) Coordinator – 3.75% of base pay
 - e. Gang Detail (Special Enforcement Services (SES)) – 3.75% of base pay
4. Educational Incentive Pay: Effective the beginning of the pay period that includes July 1, 2015, Advanced POST Certification pay will be modified from a flat based monthly amount to 12.5% of base pay.
5. Holidays: Effective July 1, 2015, unit members working in Patrol receive pay (in lieu of time off) for holidays. Holiday pay is equivalent to a unit members regularly scheduled hours and is paid at the employees' base rate of pay and reported to CalPERS as special compensation.

Effective July 1, 2015, unit members who work outside of patrol receive time off in lieu of working on a designated holiday. Holidays have a value equal to the regularly scheduled hours of work on the day the holiday is observed. No holiday Pay is reported to CalPERS since there is no additional compensation for the holiday. When holidays fall on a regular day off or holidays are worked by members who work outside of Patrol have the value of those holiday hours added to the floating holiday bank.
6. Holiday Pay Cash-Out & Floating Holiday Bank: With the June 24, 2015 paycheck, the City will combine previously banked and floating holiday hours and employees will receive a cash out of hours in excess of eighty (80) hours at the base hourly rate of pay.

Each January, unit members working the 4/10 receive thirty (30) floating holiday hours and unit members working the 3/12.5 receive thirty-seven and a half (37.5) floating holiday hours.

The floating holiday bank has a maximum of 120 hours. Upon reaching the maximum, any additional floating holiday hours earned will be paid as cash at the base hourly rate of pay. Once per calendar year, employees may request to cash out earned but unused holiday hours.

7. Medical Insurance & EOBF Allowance: Revises the section to comply with the city-wide standard that employees enrolled in a medical plan receive a monthly allowance based on enrollment (Employee only, employee+1, employee+2) which includes the statutory CalPERS minimum contribution.

Effective July 1, 2015, the Tier 3 (Employee+2) allowance will increase to \$1346.46.

Increases to each tier (employee only, employee+1, employee+2) will only occur when the lower of the premium for the CalPERS LA Region for Blue Shield Access+ or Kaiser exceeds the current allowance. The allowance in each tier will equal the lower of the LA Region Blue Shield Access+ or Kaiser premium but shall not be lowered below the 2014 allowance which includes the PEMHCA minimum.

New employees hired by the City on or after July 1, 2015, will receive an EOBF allowance (including the statutory minimum) that equals the lower of the premium of Blue Shield Access+ or Kaiser (LA Region) for the tier in which they enroll (employee only, employee+1, employee+2).

Employees in the unit as of June 30, 2013, who elect to opt out of medical coverage because they provide proof of medical coverage from another source, will be capped at \$1,106.15 per month. Effective July 1, 2013, new employees hired by the City, who opt out of medical coverage because they have coverage through another means, receive a maximum of \$400 per month to be used at their discretion.

Effective July 1, 2015, new employees hired by the City, who opt out of medical coverage because they have coverage through another means, receive a maximum of \$400 per month which will be designated to the employee's deferred compensation account. Employees may elect to have 65% of the EOBF Opt Out allowance paid as cash in lieu of depositing the total allowance to a deferred compensation account.

8. Uniforms: Effective July 1, 2015 (and annually thereafter), employees will receive a uniform allowance of \$850 paid as a lump sum payment. Employees will

purchase uniforms pursuant to the uniform guidelines established by the Police department.

9. Salary Administration:

Step Increases: Employees are eligible to move through the steps of the pay range at one year intervals and upon receipt of a performance evaluation with a rating of "satisfactory."

Performance Evaluations: Employees receive annual performance evaluations on July 15th of each year. Those employees who are not at the top step of the salary range are eligible to receive a step increase annually. Employees who do not receive an evaluation by July 15th and are at a step below the top step will receive a step increase. In the event that an employee receives a performance evaluation by August 15th that has a rating of "needs improvement" said employee will revert to his/her prior step without penalty.

Probation: The probationary period for Police Officer (Trainee/Recruit/Pre-service) is eighteen (18) months. The probationary period for Lateral Police Officer and Police Corporal is twelve (12) months.

Promotion to Police Corporal: When an employee is promoted to Police Corporal, he/she shall promote to the following step (which will result in placement at the Corporal step that provides a base pay increase of at least 2.5%):

- a) Police Officer Step 1-5 promotes to Police Corporal Step 1;
- b) Police Officer Step 6 promotes to Police Corporal Step 2;
- c) Police Officer Step 7 promotes to Police Corporal Step 3;
- d) Police Officer Step 8 promotes to Police Corporal Step 4;
- e) Police Officer Step 9 promotes to Police Corporal Step 5;
- f) Police Officer Step 10 promotes to Police Corporal Step 6.

COUNCIL POLICY CONSIDERATION:

The adoption of the Memorandum of Understanding between the City of Pasadena and the Pasadena Police Officers Association supports the City Council's strategic goal of maintaining fiscal responsibility and stability.

FISCAL IMPACT:

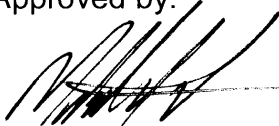
The fiscal impact of the MOU includes CalPERS retirement costs the City is required to pay with or without modifications to the MOU. The FY 15 Safety employer rate is 29.321% of pensionable pay. This amount increases each year and in FY 18 the CalPERS employer rate is projected to be 36.2% of pensionable pay. The impact of the CalPERS increases amounts to nearly \$1,322,263 during the next three fiscal years. The City Council previously authorized FY 16 costs associated with adjustments to the PPOA MOU when the agreement was approved on September 9, 2013. In addition to those costs (estimated at \$539,493), the agreement attached for approval has a three year cost impact of \$3,013,515 to be paid from the General Fund.

Respectfully Submitted,



Kristi Recchia
Director of Human Resources

Approved by:



Michael J. Beck
City Manager

Attachments:

1. MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF PASADENA AND THE PASADENA POLICE OFFICERS ASSOCIATION