

Agenda Report

September 9, 2013

TO: Honorable Mayor and City Council

FROM: Human Resources Department

SUBJECT: 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, 2016 AND THE PASADENA POLICE SERGEANTS ASSOCIATION FOR THE TERM OF JULY 1, 2013 – JUNE 30, 2016

RECOMMENDATION:

It is recommended that the City Council

1. 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, 2016 and the Pasadena Police Sergeants Association (PPSA) for the term of July 1, 2013 through June 30, 2016;
2. Adopt a resolution of the City Council of the City of Pasadena to authorize tax deferral of member paid contributions to the California Public Employees' Retirement System for the safety employees in the bargaining unit represented by PPOA and PPSA; and
3. Adopt a resolution of the City Council of the City of Pasadena to report the value of employer paid member contributions (EPMC) for the safety employees represented by PPOA and PPSA and supersede resolution Nos. 8196 and 8725 insofar as it applies to the safety employees represented by PPOA and PPSA.

BACKGROUND:

The City and representatives of PPOA and PPSA have met and conferred in good faith and have reached agreement on a successor MOU, which provides for the following:

1. **Salaries:** Effective the pay period following approval of the MOU, employees receive a 2% salary increase. Effective the beginning of the pay period that includes July 1, 2014, employees receive a 3% salary increase. Effective the beginning of the pay period that includes July 1, 2015, employees receive a 2.5% salary increase.
2. **Retirement:** Effective the pay period following approval of the MOU, employees will contribute to retirement 3% of member contributions. Effective the beginning of the pay period that includes July 1, 2014, employees will contribute to retirement an additional 3% member contribution (for a total of 6%). Effective the beginning of the pay period that includes July 1, 2015, employees will contribute to retirement an additional 3% member contribution (for a total of 9%). Member contributions will be deducted on a pre-tax basis. Employer Paid Member Contribution (EPMC) and the reported value of PERS on PERS will be reduced to 6% following adoption of the MOU, 3% effective July 1, 2014 and 0% effective July 1, 2015. Retirement provisions for new members, as defined by the Pension Reform Act of 2013, have been incorporated into both PPOA and PPSA MOU's.
3. **Special Assignment Pay:** Correct contract language to clearly identify payment method as biweekly; increase the monthly amount to comply with the correction of payment method. Increase K-9 Officer pay for PPOA members when they are in that assignment. Modify Field Training Officer Pay for PPOA members when training and training related work is actually performed.
4. **Vacation:** Effective the pay period that includes October 1, 2013, vacation accrual maximums will be enforced. On October 2, 2013 employees over the cap will receive a one-time cash out of all hours within eighty of the maximum accrual at his/her base hourly rate of pay in effect on September 1, 2013.
5. **Holidays:** Employees in PPOA and PPSA regularly work designated holidays. As such, employees will receive holiday in lieu pay as compensation for nine holidays as the holidays occur.
6. **Sick Leave:** Effective January 1, 2014, employees accrue sick leave on a per pay period basis up to eighty hours per year.
7. **Educational Incentive Pay:** Correct the contract language to clearly identify payment method as biweekly; increase the monthly amount to comply with the correction of payment method.

8. Health Insurance: Effective July 1, 2013, new employees, who opt out of medical coverage because they have coverage through another means, receive a maximum of \$400 per month.
9. Tuition Reimbursement: Increase PPOA to \$850 per year for eligible employees and increase PPSA to \$1,000 per year for eligible employees.
10. Body Armor: Increase PPOA reimbursement allowance to \$920 for the purchase of safety vests. Safety vests are typically purchased once every five years.
11. Fitness Program: Eliminate the fitness incentive program.
12. Gainshare Program: Eliminate the Gainshare program for PPSA and provide a one-time payment of \$1,000 to each unit member.
13. Contract language: The MOU has been re-written and reorganized for clarity, legal compliance, and organizational effectiveness. These changes do not directly reflect monetary impacts; rather, they correct the contract to the law, department procedures, and best practices.

COUNCIL POLICY CONSIDERATION:

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

FISCAL IMPACT:

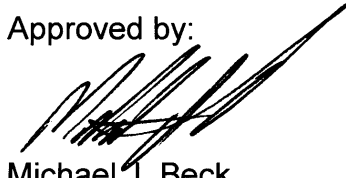
The recommended MOU changes will result in a structural savings of \$9,540 annually. One-time costs associated with contract approval total are estimated at \$520,000 and come primarily from the vacation cash-out. This one-time cost will come from the Benefits Fund which currently has a fund balance of approximately \$1.7 million.

Respectfully Submitted,



Kristi Recchia
Director of Human Resources

Approved by:



Michael J. Beck
City Manager

Attachments:

1. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA TO REPORT THE VALUE OF EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC) FOR THE SAFETY EMPLOYEES REPRESENTED BY PASADENA POLICE OFFICERS ASSOCIATION (PPOA) AND PASADENA POLICE SERGEANTS ASSOCIATION (PPSA) AND SUPERCEDES RESOLUTION NOS. 8196 AND 8725 INSOFAR AS IT APPLIES TO THE SAFETY EMPLOYEES REPRESENTED BY PPOA AND PPSA
2. A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA TO AUTHORIZE TAX DEFERRAL OF MEMBER PAID CONTRIBUTIONS TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM FOR THE SAFETY EMPLOYEES IN THE BARGAINING UNITS REPRESENTED BY PPOA AND PPSA
3. MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF PASADENA AND THE PASADENA POLICE OFFICERS ASSOCIATION
4. MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF PASADENA AND THE PASADENA POLICE SERGEANTS ASSOCIATION

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA TO REPORT THE VALUE OF EMPLOYER PAID MEMBER CONTRIBUTIONS (EPMC) FOR THE SAFETY EMPLOYEES REPRESENTED BY PASADENA POLICE OFFICERS ASSOCIATION (PPOA) AND PASADENA POLICE SERGEANTS ASSOCIATION (PPSA) AND SUPERCEDES RESOLUTION NOS. 8196 AND 8725 INSOFAR AS IT APPLIES TO THE SAFETY EMPLOYEES REPRESENTED BY PPOA AND PPSA

WHEREAS, the governing body of the City of Pasadena has the authority to implement Government Code section 20636(c)(4) pursuant to Government Code section 20691; and

WHEREAS, the governing body of the City of Pasadena has a written labor policy or agreement which specifically provides for the normal member contributions to be paid by the employer, and reported as additional compensation; and

WHEREAS, one of the steps in the procedures to implement Government Code section 20691 is the adoption by the governing body of the City of Pasadena of a Resolution indicating the paying and reporting the value of said Employer Paid Member Contributions (EPMC); pursuant to CCR Title 2 section 571(a)(1); and

WHEREAS, the governing body of the City of Pasadena has identified the following conditions for the purpose of its election to pay EPMC:

1. This benefit shall apply to all safety employees in the bargaining units represented by PPOA and PPSA;
2. Effective September 23, 2013, this benefit shall consist of paying 6% of the normal contributions as EPMC, and reporting the same percent 6% of compensation earnable (excluding Government Code Section 20636(c)(4)) as additional compensation.
3. Effective July 1, 2014, this benefit shall consist of paying 3% of the normal contributions as EPMC, and reporting the same percent 3% of compensation earnable (excluding Government Code Section 20636(c)(4)) as additional compensation.
4. Effective July 1, 2015, this benefit shall consist of paying 0% of the normal contributions as EPMC, and reporting the same percent 0% of compensation earnable (excluding Government Code Section 20636(c)(4)) as additional compensation.
5. The effective date of this Resolution shall be September 9, 2013.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Pasadena as follows:

Section 1. The governing body of the City of Pasadena elects to pay and report the value of EPMC, as set forth above; and

Section 2. The prior resolutions governing the reporting of the value EPMC for these groups, Resolution Nos. 8196 and 8725, are superseded only insofar as that Resolution Nos. 8196 and 8725 applies to the safety employees in the bargaining unit represented by PPOA and PPSA.

Section 3. The effective date of this Resolution shall be September 9, 2013.

Adopted at the regular meeting of the City Council on the 9th day of September 2013, by the following vote:

AYES:

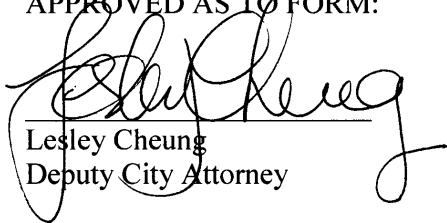
NOES:

ABSENT:

ABSTAIN:

Mark Jomsky
City Clerk

APPROVED AS TO FORM:



Lesley Cheung
Deputy City Attorney

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASADENA TO AUTHORIZE TAX DEFERRAL OF MEMBER PAID CONTRIBUTIONS TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM FOR THE SAFETY EMPLOYEES IN THE BARGAINING UNITS REPRESENTED BY PPOA AND PPSA

WHEREAS, the governing body of the City of Pasadena has the authority to implement the provisions of section 414(h)(2) of the Internal Revenue Code (IRC); and

WHEREAS, the City of Pasadena has determined that even though the implementation of the provisions of section 414(h)(2) IRC is not required by law, the tax benefit offered by section 414(h)(2) IRC should be provided to all safety employees in the bargaining units represented by the PPOA and PPSA who are members of the California Public Employees' Retirement System.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Pasadena as follows:

Section 1. That the City of Pasadena will implement the provisions of section 414(h)(2) Internal Revenue Code by making employee contributions pursuant to California Government Code section 20691 at a rate of 6% effective September 23, 2013, 3% effective July 1, 2014, and 0% effective July 1, 2015 to the California Public Employees' Retirement System on behalf of all its employees or all its employees in a recognized group or class of employment who are members of the California Public Employees' Retirement System. "Employee contributions" shall mean those contributions to the Public Employees' Retirement System which are deducted from the salary of employees and are credited to individual employee's accounts pursuant to California Government Code section 20691.

Section 2. That the contributions made by the City of Pasadena to the California Public Employees' Retirement System at a rate of 6% effective September 23, 2013, 3% effective July 1, 2014, and 0% effective July 1, 2015, although designated as employee contributions, are being paid by the City of Pasadena in lieu of contributions by the employees who are members of the California Public Employees' Retirement System.

Section 3. That employees shall not have the option of choosing to receive the contributed amounts directly instead of having them paid by the City of Pasadena to the California Public Employees' Retirement System.

Section 4. That that City of Pasadena shall pay to the California Public Employees' Retirement System the contributions designated as employee contributions from the same source of funds as used in paying salary.

Section 5. That the amount of the contributions designated as employee contributions and paid by the City of Pasadena to the California Public Employees' Retirement System on behalf of an employee at a rate of 6% effective September 23, 2013, 3% effective July 1, 2014, and 0% effective July 1, 2015 shall be the entire contribution required of the employee by the California Public Employees' Retirement Law (California Government Code sections 20000, et seq.).

Section 6. That the contributions designated as employee contributions made by the City of Pasadena to the California Public Employees' Retirement System shall be treated for all purposes, other than taxation, in the same way that member contributions are treated by the California Public Employees' Retirement System.

Section 7. That this resolution will take effect September 9, 2013.

Adopted at the regular meeting of the City Council on the 9th day of September 2013, by the following vote:

AYES:

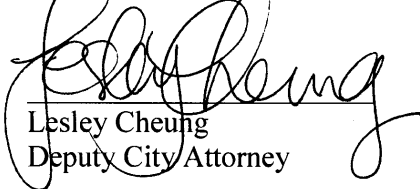
NOES:

ABSENT:

ABSTAIN:

Mark Jomsky
City Clerk

APPROVED AS TO FORM:



Lesley Cheung
Deputy City Attorney