



**DATE:** June 27, 2017

**CATEGORY:** New Business

**DEPT.:** City Manager's Office/Human Resources

**TITLE:** **Adopt Resolutions Governing Compensation for the Mountain View Police Officers Association (POA), Unrepresented Police Managers, and Police Chief (UPDATED 6/23/2017)**

### **RECOMMENDATION**

1. Adopt a Resolution Authorizing the City Manager or His Designee to Amend the Memorandum of Understanding Between the Mountain View Police Officers Association and the City of Mountain View, for the Period of July 1, 2017 through June 30, 2020, and to Amend the City's Salary Plan to Reflect these Compensation Changes, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Adopt a Resolution Authorizing the City Manager or his Designee to Modify Compensation for the Unrepresented Police Managers and Police Chief, for the Period of July 1, 2017 through June 30, 2020, and to Amend the City's Salary Plan to Reflect these Compensation Changes, to be read in title only, further reading waived (Attachment 2 to the Council report).

### **BACKGROUND AND ANALYSIS**

The previous Memorandum of Understanding (MOU) for the Mountain View Police Officers Association (POA) is scheduled to expire on June 30, 2017. The new proposed three-year agreement covers the period of July 1, 2017 to June 30, 2020.

POA represents approximately 87 nonmanagement sworn Police employees (Police Officers and Police Sergeants) and 21 nonmanagement non-sworn Police employees (Community Services Officer, Police Records Specialist, etc.). City management representatives met with representatives of POA from March through June 2017.

In approaching compensation adjustments for employees, City management and bargaining groups committed to an interest-based process. The City values the work done by employees to provide high-quality services and facilities to the residents,

employees, and visitors in Mountain View and the shared commitment to the fiscal health of the organization. Recognizing that employee-related costs represent the vast majority of the City's operating expenditures, the City's interests in adjusting compensation were to provide compensation packages which enable the City to meet the following objectives:

- To the extent possible, in light of the City's current favorable economic condition, provide above average total compensation in order to attract and retain employees with the education, skills, and experience which enables them to provide quality services on behalf of the City.
- Ensure that employee compensation is financially sustainable, so that the City can continue to maintain a structurally balanced operating budget with ongoing revenues sufficient for ongoing expenditures, and can provide for long-term equipment and capital needs in order to maintain City service levels.
- Provide similar benefits to all employees in order to enhance administrative efficiencies and economies of scale in benefits costs.
- Consider compensation costs over a multi-year period while retaining the ability to respond to changing economic conditions.

The proposed resolution governing compensation for POA meets the City's interests in several ways. The proposed compensation increases base salaries in order to attract and retain employees in light of the high cost of living in the region and the competitive labor market. To provide a competitive compensation proposal, the City considers factors such as: total compensation surveys as compared to local public agencies, Consumer Price Index (CPI), and the employees' continued commitment to paying an above average portion of the City's CalPERS employer rate.

In the case of POA, equity adjustments are being proposed in consideration of significant recruitment and retention challenges in the regional police labor market. Police agencies across the region are experiencing a smaller pool of qualified candidates and more intense competition for hiring. Wage trends in neighboring communities are reflecting this reality. Equity adjustments are therefore proposed in order to maintain Mountain View's ability to attract and retain highly qualified Police Officers and Sergeants.

The proposed changes to the POA MOU are detailed in the resolution included as Attachment 1. The changes are consistent with direction provided by Council in Closed

Session meetings on labor negotiation terms. The resolution serves as public reporting of direction given in Closed Session under the Brown Act relative to these employees. POA members ratified the terms of the agreement on June 23, 2017.

### **Common Provisions for All Employees Represented by POA**

Term: Three-year compensation package beginning July 1, 2017 and ending June 30, 2020.

Reopener on Salary and One-Time Leave Hours: Either POA or the City may reopen the MOU on the issue of salary and one-time leave hours only for Fiscal Year 2019-20 by giving the other party written notice by 5:00 p.m. on March 1, 2019. In that event, the parties will meet and confer in good faith over the issue of salary and one-time leave hours, and any adjustments in Fiscal Year 2019-20 will be by mutual agreement.

Flexible Spending Account: In 2015, the City and POA agreed to increase the maximum amount employees may contribute of his/her own funds to a medical Flexible Spending Account from \$1,000 to \$2,500 annually effective January 1, 2016. However, this item was inadvertently omitted from the resolution amending the MOU at that time. The item is now included in Attachment 1 to remedy that oversight.

Vacation Cash Out: Effective July 1, 2017, employees are eligible to file an irrevocable election, in December of each year, to cash out, up to eighty (80) hours, vacation accrued in the payroll calendar year following the cash out election, in accordance with IRS regulations and procedures set forth in the POA MOU. For employees electing to cash out over forty (40) hours of vacation, the employee must have used a minimum of forty (40) hours vacation in the full payroll calendar year and have a minimum balance of eighty (80) hours as of the last full pay period in the payroll calendar year of the cash out election.

### **Sworn POA Members**

4.0 Percent COLA Fiscal Year 2017-18 for Sworn Members: Effective the first pay period ending in July 2017, the City shall amend the salary plan to increase the salary ranges for all classifications of POA sworn employees by a four percent (4.0%) cost-of-living adjustment (COLA).

3.0 Percent COLA and 1.0 Percent Equity Adjustment Fiscal Year 2018-19 for Sworn Members: Effective the first pay period ending in July 2018, the City shall amend the salary plan to increase the salary ranges for all classifications of POA sworn employees by four percent (4.0%), of which three percent (3.0%) is a COLA and one percent (1.0%) is an equity

adjustment in consideration of recruitment and retention challenges in the regional police labor market.

2.0 Percent COLA and 2.0 Percent Equity Adjustment Fiscal Year 2019-20 for Sworn Members: Effective the first pay period ending in July 2019, the City shall amend the salary plan to increase the salary ranges for all classifications of POA sworn employees by four percent (4.0%), of which two percent (2.0%) is a COLA and two percent (2.0%) is an equity adjustment in consideration of recruitment and retention challenges in the regional police labor market.

One-Time Leave Hours for Sworn Members: Effective the first pay period ending in July 2017, POA sworn employees who are City employees on July 1, 2017, will receive a one-time contribution of thirty-one (31) hours of leave time (prorated for regular part-time employees). This leave must be used by Pay Period 2, 2018, or any balance will be cashed out with the Pay Period 2 payroll.

Specialty Pay for Sworn Members: Effective the first pay period ending in July 2017, increase the specialty pay for members in specialty assignments in Administrative Units (Personnel Services, Professional Standards Unit, and Neighborhood and Event Services) by Two Hundred Dollars (\$200) per month.

POST/Education Incentives for Sworn Members: Effective the first pay period ending in July 2017, increase the POST/Educational incentive for an Advanced Certificate from the Commission for Peace Officers Standards and Training to six percent (6.0%) additional compensation, calculated on base pay.

### **Non-Sworn POA Members**

4.0 Percent COLA Fiscal Year 2017-18 for Non-Sworn Members: Effective the first pay period ending in July 2017, the City shall amend the salary plan to increase the salary ranges for all classifications of POA non-sworn employees by a four percent (4.0%) COLA.

3.0 Percent COLA Fiscal Year 2018-19 for Non-Sworn Members: Effective the first pay period ending in July 2018, the City shall amend the salary plan to increase the salary ranges for all classifications of POA non-sworn employees by a three percent (3.0%) COLA.

2.0 Percent COLA Fiscal Year 2019-20 for Non-Sworn Members: Effective the first pay period ending in July 2019, the City shall amend the salary plan to increase the salary

ranges for all classifications of POA non-sworn employees by a two percent (2.0%) COLA.

One-Time Leave Hours for Non-Sworn Members: Effective the first pay period ending in July 2017, POA non-sworn employees who are City employees on July 1, 2017, will receive a one-time contribution of twenty-one (21) hours of leave time (prorated for regular part-time employees). This leave must be used by Pay Period 2, 2018, or any balance will be cashed out with the Pay Period 2 payroll.

In addition, effective the first pay period ending in July 2018, POA non-sworn employees who are City employees on July 1, 2018 will receive another one-time contribution of twenty-one (21) hours of leave time (prorated for regular part-time employees). This leave must be used by Pay Period 2, 2019, or any balance will be cashed out with the Pay Period 2 payroll.

In addition, effective the first pay period ending in July 2019, POA non-sworn employees who are City employees on July 1, 2019 will receive another one-time contribution of twenty-one (21) hours of leave time (prorated for regular part-time employees). This leave must be used by Pay Period 2, 2020, or any balance will be cashed out with the Pay Period 2 payroll.

Specialty Pay for Non-Sworn Members: Effective the first pay period ending in July 2017, increase the specialty pay for members in specialty assignments in Records (Warrant Officer and Court Officer) and for the Community Services Officer (Investigations, Administration: Community Action and Information, and Field Operations: Abandoned Vehicle Abatement) by Two Hundred Dollars (\$200) per month.

Defined Contribution Retirees' Health for Non-Sworn Members: Effective the first pay period ending in July 2017, the direct employer contributions for employees enrolled in the defined contribution retirees' health plan will be increased for Fiscal Year 2017-18 by the following amounts; 0 to 5 years: Fifty Dollars (\$50) per month, 6 to 10 years: Seventy-Five Dollars (\$75) per month, 10+ years: One Hundred Dollars (\$100) per month. Effective the first pay period ending in July 2018, contributions will be indexed at a three percent (3.0%) fixed rate annually. This is the first adjustment in the City's contribution amount since inception of the City's Defined Contribution Plan in 2007.

Effective the first pay period ending in July 2017, interest on the first year employer contributions held in an account prior to transfer will be credited at a fixed rate of one percent (1.0%) per annum on the monthly balance.

Kaiser Vision Benefit for Non-Sworn Members: Effective January 1, 2018, the vision benefit included in the Kaiser medical plan available to eligible employees will be changed so that the vision allowance is available every 12 months.

Health Benefits Committee for Non-Sworn Members: The City will form a joint committee with interested miscellaneous employee groups to engage in a focused discussion on health benefits for active employees to consider potential solutions to address the high cost of employee health benefits while ensuring both the sustainability of health benefits and that the benefits remain competitive with comparison agencies. The committee's findings will be used to inform a discussion of health benefits during the next negotiations process.

Professional Development/Technology Funds for Non-Sworn Members: Effective the first pay period ending in July 2017, professional employees will receive Eight Hundred Dollars (\$800) in professional development/technology funds annually.

Medical Benefits for Non-Sworn Members: Caps for member contributions to HMO plans will be extended to plan year 2018 with the parties agreeing to meet and confer if the member contribution exceeds the caps in plan year 2019 and plan year 2020.

### **Other Changes for Sworn and/or Non-Sworn POA Members**

Other Changes: Clean up and modification of MOU language to make updates and address operational issues in a variety of areas, including: uniforms and safety/specialty equipment, shift rotation; employee assistance program; bereavement leave; tuition reimbursement; medical benefits; retiree medical benefits; pension contributions; and the flexible benefit plan.

### **Unrepresented Police Managers and Police Chief**

On June 13, 2017, the City Council adopted a Resolution authorizing the City Manager or his designee to set compensation for unrepresented employees, including Police Managers and the Police Chief, for the period of July 1, 2017 through June 30, 2020. As previously noted in this report, equity adjustments are included in the proposed salary adjustments for sworn POA members recognizing the significant recruitment and retention challenges in the regional police labor market. Because of these labor market conditions and the alignment between the salaries of the sworn POA members and the salaries of the unrepresented Police Managers and Police Chief, the proposal is to modify the salary terms approved on June 13, 2017 for the unrepresented Police Managers and Police Chief to include the same equity adjustments and timing for one-time leave

hours as proposed for sworn POA members. The proposed modifications to the compensation of the unrepresented Police Managers and Police Chief are below and detailed in the Resolution included as Attachment 2. The terms below and in Attachment 2 replace the terms in the June 13, 2017 Resolution related to salary and one-time leave hours.

4.0 Percent COLA Fiscal Year 2017-18: Effective the first pay period ending in July 2017, the City shall amend the salary plan to increase the salary ranges for Police Managers and the Police Chief by a four percent (4.0%) cost-of-living adjustment (COLA).

3.0 Percent COLA and 1.0 Percent Equity Adjustment Fiscal Year 2018-19: Effective the first pay period ending in July 2018, the City shall amend the salary plan to increase the salary ranges for Police Managers and the Police Chief by four percent (4.0%), of which three percent (3.0%) is a COLA and one percent (1.0%) is an equity adjustment in consideration of recruitment and retention challenges in the regional police labor market.

2.0 Percent COLA and 2.0 Percent Equity Adjustment Fiscal Year 2019-20: Effective the first pay period ending in July 2019, the City shall amend the salary plan to increase the salary ranges for Police Managers and the Police Chief by four percent (4.0%), of which two percent (2.0%) is a COLA and two percent (2.0%) is an equity adjustment in consideration of recruitment and retention challenges in the regional police labor market.

One-Time Leave Hours: Effective the first pay period ending in July 2017, Police Managers and the Police Chief who are City employees on July 1, 2017, will receive a one-time contribution of thirty-one (31) hours of leave time (prorated for regular part-time employees). This leave must be used by Pay Period 2, 2018, or any balance will be cashed out with the Pay Period 2 payroll.

### **Unrepresented Police Managers**

In the June 13, 2017 Resolution setting compensation for unrepresented employees, a term related to a change in the vacation cash out procedure required for all employees was inadvertently omitted for unrepresented Police Managers. To correct this oversight, the Resolution in Attachment 2 modifying compensation for unrepresented Police Managers includes the following term.

Vacation Cash Out: Effective July 1, 2017, Police Managers are eligible to file an irrevocable election, in December of each year, to cash out vacation accrued in the

payroll calendar year following the cash out election in accordance with IRS regulations and procedures set forth by the Finance and Administrative Services Department. For employees electing to cash out over forty (40) hours of vacation, the employee must have used a minimum of forty (40) hours vacation in the full payroll calendar year and have a minimum balance of eighty (80) hours as of the last full pay period in the payroll calendar year of the cash out election.

### **FISCAL IMPACT**

The fiscal impact of the proposed COLAs and compensation packages for all approved agreements for employees will be reflected in the Fiscal Year 2017-18 Adopted Budget and the General Operating Fund (GOF) Five-Year Financial Forecast (Forecast). The proposed compensation packages for Fiscal Years 2017-18 and 2018-19 are projected to be able to be accommodated in those fiscal years, while maintaining a minimal operating balance. To increase the GOF balance, and based on historical data, staff is proposing to increase the projected Budget Savings by \$500,000 throughout the Forecast Period. Based on the current Forecast adjusted for the proposed increase to the Budget Savings and a reduction of the Lease Revenues at Risk from 15.0 percent to 10.0 percent in the GOF, the proposed compensation packages for all employee groups are projected to require material funding from the Budget Contingency Reserve to balance the GOF in Fiscal Year 2019-20. Based on the current projections in the Forecast, the proposed compensation packages are projected to cause increases to the deficits, without corrective actions, in the last two fiscal years of the Forecast. The City has retained the ability to reopen agreement terms related to salary and one-time leave hours for Fiscal Year 2019-20 should the City's fiscal condition require it to balance the City's budget.

### **ALTERNATIVES**

1. Do not adopt the proposed resolutions governing compensation for POA and unrepresented Police employees and modifying the City's salary plan.
2. Provide other direction.



**PUBLIC NOTICING** – Agenda posting.

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Attachments: 1. Resolution – POA  
2. Resolution – Unrepresented Police Managers and Police Chief

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