



CITY OF POMONA COUNCIL REPORT

July 2, 2018

To: Honorable Mayor and Members of the City Council

From: Linda Lowry, City Manager

Submitted by: Linda Matthews, Human Resources/Risk Management Director

Subject: **Adoption of Resolutions Approving an Amendment and Extension of the 2016-17 Memorandum of Understanding Between the City of Pomona and the Pomona Police Officers' Association, Inc. for the Period of July 1, 2017 through June 30, 2019 and Amending the Fiscal Year 2018-19 Operating Budget**

OVERVIEW

Recommendations - That the City Council adopt the attached resolutions:

1. Approving an Amendment and Extension of the 2016-17 Memorandum of Understanding between the City of Pomona and the Pomona Police Officers' Association, Inc. (PPOA) for the period of July 1, 2017 through June 30, 2019; and
2. Amending the Fiscal Year (FY) 2018-2019 Adopted Operating Budget by appropriating \$234,000 from the General Fund reserves.

Fiscal Impact- The estimated cost of this agreement for FY 2018/19 is \$617,000, of which \$468,000 is due to one-time payments. Most of these costs have been incorporated into the FY 2018/19 Operating Budget. However, \$342,000 of the one-time payments originally anticipated to be paid in FY 2017/18 will now be paid in FY 2018/19. This cost, offset by lower estimated costs in FY 2018/19, results in the need to increase FY 2018/19 general fund budget appropriations by \$234,000, which will be taken from General Fund reserves. These estimates exclude costs associated with the 2.5% salary increase in October 2018, which was already part of the existing terms of the agreement and is already incorporated into the FY 2018/19 operating budget.

Previous Council Action – None

EXECUTIVE SUMMARY

The Pomona Police Officers' Association, Inc. (PPOA) represents approximately 150 sworn police employees. The Memorandum of Understanding (MOU) with PPOA ended on June 30, 2017. Approval of the proposed resolution will amend and extend the current MOU for the period of July 1, 2017 through June 30, 2019. The agreement includes one-time payments in 2018 of \$2,400 for employees with two-party or family health insurance coverage and \$2,000 for employees with single

coverage or who waive health insurance; an increase in January 2019 of \$200 per month to the Section 125 benefit plan for employees who take family or two-party coverage; a one-time payment in June 2019 for employees who waive health insurance and have single coverage; an increase to life insurance from \$50,000 to \$200,000 and the addition of Accidental Death and Dismemberment insurance of \$200,000; and other minor language changes. The MOU for this unit already included an annual salary survey provision that sets police salaries at the average or median of 14 comparison agencies, not to exceed an increase of 2.5%. Pursuant to this provision, PPOA received a 2.5% salary increase effective October 1, 2017 and will receive a 2.5% salary increase effective October 1, 2018.

DISCUSSION

The term of the current MOU with PPOA went from July 1, 2016 through June 30, 2017. City representatives and representatives of the PPOA have met and conferred and negotiated an amendment and extension to the 2016-17 MOU. PPOA ratified the proposed terms on June 28, 2018. The key economic changes of the amendment and extension are listed below.

Provision	Negotiated Change
Length of Extension	July 1, 2017 to June 30, 2019 (2 years)
One-time Payment 2018	In 2018, shortly after approval of agreement, provide one-time payments of \$2,400 to employees who enroll in two-party or family medical coverage and \$2,000 who waive or have single coverage
Section 125 Benefit Plan Contribution and Cash-in-Lieu	Effective January 2019, increase Section 125 Benefit Plan contributions for employees who have family or two-party coverage by \$200 per month and cap Cash-in-Lieu at \$700 per month (currently \$404.32)
One-time Payment 2019	In June 2019, provide a one-time payment of \$2,000 to employees who waive or have single medical coverage
Life Insurance	Effective within 90 days of approval, increase Life Insurance from \$50,000 to \$200,000 and add Accidental Death and Dismemberment Insurance

Other changes include the following:

- Add procedures to ensure an employee does not receive more than \$2000 or less than \$1200 from the one-time payments and increase to Section 125 benefit plan contributions combined from the period of January through June 2019.
- Employees will have four (4) hours deducted from their vacation leave banks each February beginning in 2019 that may be used by employees representing the association for meeting and conferring with City officials and other labor relations business. The current provision provides for deducting 2 hours of personal leave accruals (from standby, compensatory time or vacation banks).
- Add a provision which acknowledges that the City is in the process of implementing a new payroll system and the parties may need to meet and confer regarding implementation issues related to the new system.
- Modifications to benefit language to comply with the Affordable Care Act and allow a reopener to address changes to the affordable care act legislation or other related legislation.

In accordance with the 2016-17 PPOA MOU, effective October 1, 2014 and every October 1st thereafter, the top step salary for Police Officer will be adjusted to the higher of the median or mean salary of the fourteen (14) survey cities, not to exceed 2.5%. The survey provision has been in place since approximately 1994, and in 2014 a cap of 2.5% annually was negotiated. The salaries for all other sworn positions are adjusted by the same percentage increase.

Pursuant to this salary survey provision, sworn police positions received a 2.5% increase effective October 1, 2017. The salary survey for 2018 was conducted by the Human Resources Department in May 2018 for salaries effective October 1, 2018. It shows that the maximum pay rate for Police Officer is 4.96% below the mean and 2.83% below the median of the comparison cities (Attachment 1). As such, each classification and incumbent in the unit is eligible to receive a 2.5% salary increase effective October 1, 2018. The proposed salary ranges are included in the attached Amendment and Extension (Attachment 2).

This agreement balances the fiscal pressures facing the City as well as the need to provide a competitive compensation plan to ensure the City can recruit and retain qualified employees. Members of PPOA, along with all City employees, made significant concessions from 2009 through 2014 as a result of the Great Recession, including waiving the annual salary increase for five years, taking pay reductions via furloughs, and paying 9% in retirement contributions which the City previously paid on their behalf. In addition, employees in this unit have also absorbed all but \$25 per month of the increases in health premiums since 2005. Out-of-pocket costs for family medical coverage currently range from \$351 to \$1,051 per month.

Attachment 2 includes the Amendment and Extension with all of the language changes, with new language underlined and old language shown with a strikethrough. Attachment 3 is the resolution amending the FY 2018/19 budget primarily due to the one-time payments originally anticipated to be paid in FY 2017/18 but that will be paid in July or August 2018 due to the date the parties reached a final agreement.

Attachments:

1. Police Officer Salary Survey
2. City Council Resolution approving an Extension and Amendment of the 2016-17 Memorandum of Understanding Between the City of Pomona and the Pomona Police Officers' Association, Inc. for the period of July 1, 2017 through June 30, 2019
Exhibit A – PPOA Extension and Amendment to the 2016-2017 Memorandum of Understanding
3. City Council Resolution amending the FY 2018/19 Operating Budget