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August 31, 2019

FINDINGS AND RECOMMENDATIONS  
PURSUANT TO  
CALIFORNIA GOVERNMENT CODE 3505.4

In the Matter of a Controversy Between	)	
<b>City of Salinas</b>	)	
Employer	)	
and	)	Collective Bargaining Impasse
<b>Salinas Police Officers' Association</b>	)	Factfinding
Union	)	PERB Case No: SF-IM-215-M

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APPEARANCES:

For the Employer: Che Johnson, Attorney  
Liebert Cassidy Whitmore  
5250 North Palm Ave., Suite 310  
Fresno, CA 93704

For the Union: Peter Hoffman, Attorney  
Rains, Lucia, Stern  
2300 Contra Costa Blvd. Suite 500  
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FACTFINDING PANEL:

Appointed by the Employer: Donna Williamson, Attorney  
Liebert Cassidy Whitmore

Appointed by the Union: Rocky Lucia, Attorney  
Rains, Lucia, Stern

Neutral Chairperson: Paul D. Roose, Arbitrator and Mediator  
Golden Gate Dispute Resolution

### **STATUTORY FRAMEWORK AND PROCEDURAL BACKGROUND**

Under amendments to the Meyers-Milias-Brown Act (MMBA) that went into effect on January 1, 2012, and as amended again on January 1, 2013, local government employers (cities, counties, and special districts) and unions in California have access to factfinding in the event they are unable to resolve contract negotiations. At the request of the exclusive representative, the parties are required to go through a factfinding process prior to the employer implementing a last, best and final offer. In accordance with regulations put in place by the California Public Employment Relations Board (PERB), the exclusive representative can request factfinding either after mediation has failed to produce agreement or following the passage of thirty days after impasse has been declared. Each party appoints a member of the factfinding panel. A neutral chairperson is selected by PERB unless the parties have mutually agreed on a neutral chairperson.

Under the statute, the factfinding panel is required to consider, weigh and be guided by the following criteria in formulating its findings and recommendations:

- 1) State and federal laws that are applicable to the employer
- 2) Local rules, regulations, or ordinances
- 3) Stipulations of the parties
- 4) The interests and welfare of the public and the financial ability of the public agency
- 5) Comparison of the wages, hours and conditions of employment of the employees involved in the factfinding proceeding with the wages, hours and conditions of employment of other employees performing similar services in comparable public agencies
- 6) The consumer price index for goods and services, commonly known as the cost of living
- 7) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays, and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received
- 8) Any other facts, not confined to those specified in paragraphs (1) to (7), inclusive, which are normally or traditionally taken into consideration in making the findings and recommendations

The Salinas Police Officers' Association (SPOA) is the exclusive representative of a bargaining unit of police officers employed by the City of Salinas, CA. The unit has approximately 126 members. The City has seven other bargaining units represented by six unions / associations.

The parties had a collective bargaining agreements (CBA) in place through December 31, 2018. That agreement had a three-year term, beginning January 1, 2016. The CBA was signed in September 2016 and no retroactive provisions were included.

The parties conducted negotiating sessions in 2018 and 2019 but did not secure an agreement on a successor contract. Mediation under the auspices of the CA State Mediation and Conciliation Service also did not result in an agreement. The parties proceeded to factfinding under the auspices of PERB. The parties selected the undersigned to be the chair of the factfinding panel in this matter pursuant to Government Code 3505.

From the outset of the process, the undersigned neutral chairperson explained to both parties that he is not inclined to recommend a middle ground between the parties' proposals, but rather to select one or the other proposal on each disputed issue. In a similar fashion to "last offer" interest arbitration, the neutral chair believes that the parties are best served by this process. Taking this approach encourages each side to move off their opening positions and make proposals that are more likely to win the support of the panel majority. It tends to produce a majority report on each issue in dispute, which the undersigned reads as the intended outcome in the factfinding statute. In conjunction with this approach, the chair also informed the parties that he welcomed modifications to the parties' positions up until the close of the record.

The factfinding panel convened on August 1 and August 6, 2019 in Salinas, CA and took on-the-record evidence and argument from both sides concerning the issues in dispute. The parties also requested that the neutral factfinder act as a mediator in assisting the parties in off-the-record discussions to attempt resolution of the matter. Accordingly, the panel met in confidential off-the-record sessions on those dates. Settlement discussions ultimately proved unsuccessful.

The parties then submitted their final proposals and any arguments they wished to make for the panel's consideration on August 16, 2019.

### **BACKGROUND TO THE DISPUTE**

The City of Salinas is in Monterey County, ten miles inland from the coast and Monterey Bay. It is known for its thriving agricultural economy and the National Steinbeck Center honoring the writer John

Steinbeck. Salinas has a higher poverty rate than other Monterey County cities, and a chronic shortage of affordable housing.

In the most recent completed fiscal year (2017-2018) the City had \$132 million in revenue and \$122 million in expenses. Its ending fund balance on June 30, 2018 was \$33 million. This was down from \$42 million the prior year. The primary cause of the dip in the ending balance from the prior year was a decision by the City to make a one-time payment to the CalPERS pension system to hedge against future pension costs.

Entering the factfinding process, the parties were in dispute over term of agreement, salary, health benefits, work schedule, floating holiday, holiday pay, annual leave cash out, grievance and disciplinary procedure, retirement medical, fitness incentive, on-call pay, shift differential, compensatory time off and uniform allowance.

In its closing brief, the City withdrew its proposal on annual leave cash out. In its closing brief, the Union agreed to the City's proposal on fitness incentive (contingent on the savings going into the wage package). Hence twelve issues remain for the panel to make a recommendation on.

### **The Disputed Issues and the Parties' Proposals**

1. **Term:** The prior agreement, as noted above, was a three-year agreement.

The Association proposes a three-year term, from the date of contract expiration (less than two and a half years from today's date.) The City proposes a shorter agreement, one and a half years from expiration and eleven months from today. If the City's proposal prevails, the contract would expire June 30, 2020. If the Association's proposal prevails, the contract would expire December 31, 2021.

2. **Salary:** The expired labor agreement included a 2% general wage increase and a 2% equity adjustment effective upon ratification in September 2016. It also included a one-time "lump sum signing bonus" of \$850. Effective January 2017, the agreement provided an additional 2% general increase and a 2% equity adjustment. Finally, in January 2018, the parties agreed to a 2% general increase and a 1% equity adjustment.

While pension is not an issue in dispute in this round of bargaining, it should be noted that under the "classic" PERS formulas of 3% @ 50 and 3% @ 55, bargaining unit members pay the mandated 9% employee share, plus a negotiated 3% share of the employer's pension cost. The added 3% was phased in 1% at a time, coinciding with each raise under the expired CBA. PEPRAs members, those unit members

hired after January 1, 2013, pay the 50% cost of their benefit as required by PERS to receive the lower 2.7% @ 57 retirement formula for safety members.

Currently, the POA salary schedule consists of seven steps, with each step a 5% increase at one-year intervals from date-of-hire. A little over half of the unit members are at the top step. The CBA also includes a provision for a Master Police Officer Program. Qualifying unit members receive 3% incentive pay. The program went into effect in January 2017. Among other criteria, the unit member must have at least twelve years of experience as a sworn peace officer. About 75% of unit members currently qualify.

The cost of a one percent salary increase for the bargaining unit (including mandated roll-up costs) is approximately \$208,000.

Both parties looked to the same California public agencies to determine external comparability. They surveyed police office compensation in six cities in Monterey County or contiguous counties – Gilroy, Hayward, Monterey, Morgan Hill, San Jose, and Santa Cruz – and the compensation of deputy sheriffs in the County of Santa Cruz.

The City looked at data as of April 2019 and concluded that Salinas was almost 5% behind the market average in base salary but 5% ahead in total compensation. The most significant variance placing the City above the market is in the area of “special differential,” accounted for in part by the master officer pay.

The Association examined the comparison data as of July 2019. This included raises in the competing agencies that went into effect on July 1, 2019. The Union concluded that the unit lagged the competitors by 6% on maximum salary and 6.25% on total compensation.

Both parties examined consumer price index data. The Association looked at San Francisco Bay Area and Western Region data over the last four years, concluding that the cost-of-living had gone up 14.1% and 10.5%, respectively. The City looked at the national CPI over the past three years and concluded that the index had risen a total of 6.5%.

The City proposes status quo on the salary schedules over the eighteen-month duration of its proposed agreement.

The Association makes the following proposal, with no retroactive component:

September 1, 2019 – Add a new top step of 5% and delete the Master Officer pay

January 1, 2020 – 2.5% salary increase

January 1, 2021 – 2.5% salary increase

The City asserted that 44% of the unit would benefit from the proposed new top step upon implementation. This places the cost at around 2.21%.

The deletion of the Master Officer Program first came up during off-the-record discussions during the factfinding process. Therefore, the parties did not have an opportunity to fully analyze it and estimate the cost savings. However, the City costed the Master Officer pay as part of an analysis of the cost of the last MOU. In the final year of the agreement (FY 18/19) the cost was estimated at \$406,000. This is equivalent to about 1.97% of the bargaining unit's compensation.

Using these City estimates, the net cost to the City of the Association's proposed "swap" is .24%. The City has also proposed eliminating the fitness exam and incentive program, for an estimated savings of .15%. The Association has agreed to this, provided that the savings are used to fund its first-year salary proposal. The net cost of the top step / master officer / fitness exchange is .09%.

As for the second and third year proposed 2.5% increases, the Association points out that the City has projected 2.5% salary increases in its upcoming budgets beginning in July 2020. In his June 4, 2019 public letter to the City Council, the City Manager indeed writes as follows:

**Bargaining Unit MOU's:** Controlling the cost increases to MOU's will have a large impact on the structural deficit. The FY 2019-20 budget reflects a zero cost of living increase for all bargaining groups. The forecast reflects a 2.5% cost of living increase beginning in FY 2020-21.

Both sides agreed that the bargaining unit has unfilled police officer positions, seven out of 126 at the time of the factfinding hearing. The Department relies heavily on overtime to fill patrol shifts. The City commissioned a report on "Police Overtime Assessment and Patrol Workload Data Analysis" by the Center for Public Safety Management. This 2018 report concluded that the Salinas PD "is a fine department that faces extraordinary workload demands given its current staffing levels." In the report's executive summary, it states:

As with nearly all police agencies nationally, the department is challenged to appropriately staff and deploy needed resources. The problem is acute in Salinas as the city experiences high crime levels, a significant vacancy rate, and relatively low staffing, even when staffed at full authorized levels...The vast majority of overtime can be directly attributed to the department's vacancy rate.

Also in 2018, the City was selected by the National Resource Network (NRN) as one of a handful of cities in the country to receive a financial and city services analysis by this nonprofit entity. The resulting report, titled “The Salinas Plan,” warned of a looming structural budget deficit fueled by high employee pension costs and healthcare premium inflation. The NRN recommended, among other things, a “strategic rethinking of the City’s approach to employee compensation.”

The City Council, with its goals of maintaining city services and investing in more affordable housing for its residents, has embraced the NRN report.

The Association commissioned Timothy F. Reilly, CPA, to produce an analysis of the City’s finances. Mr. Reilly, in a July 2019 report, concluded that the City is financially healthy. He conducted an analysis of prior budgets and compared them to actual performance. He found that the City consistently under-estimated revenues and overstated projected expenditures. He concluded that the City could afford the SPOA’s contract proposals as they were presented at the outset of factfinding (including higher proposed wage increases than are now before the panel).

The City, in its factfinding presentation, stated that it was not asserting that the City could not afford the POA’s proposals. Rather, it asserted that those proposals exacerbated a projected structural deficit and deflected the City from other spending priorities.

The Association contends that its first-year salary proposal is nearly cost-neutral. And, it asserts, adding an additional step will make the Salinas police officer base salary more attractive and help in recruitment efforts. For the second and third years, the Association contends that its proposed increases are necessary and affordable.

The City rejects the Association’s proposal, asserting that it can only accept a zero increase in the first year. The City prefers to go back to the bargaining table for the 2020 fiscal year and beyond due to economic uncertainty.

Both parties argue that the external comparability factors and the CPI factor supports their positions.

3. **Health Benefits:** The City contracts with CalPERS medical for health benefits for all City employees. Currently, the CBA requires the City to contribute an amount equal to 95% of the PERS Choice Plan premium for the three tiers (employee only, employee plus one dependent, employee plus



two or more dependents.) The entire POA bargaining unit is enrolled in the PORAC plan. It is available only to POA, Police Management Association, and IAFF members as an option under CalPERS medical. Currently, the PORAC premiums are below the PERS Choice premiums such that the City picks up the entire premium cost of unit members' health benefits.

All other City employees will pay a 4% or 5% share of their health plan premiums by the end of their current collective bargaining agreements.

The City proposes to peg the City's premium contribution level to 95% of unit members enrolled plans, or 95% of PERS Choice, whichever is less.

The Association proposes to replace the current language with a "floating cap" on the City's premium contributions. It proposes the following City contribution levels for CY 2020:

Employee only: \$836 / month  
Employee + 1: \$1672 / month  
Employee + 2: \$2164 / month

For subsequent years, the City's contribution would increase 4.25% per year at each coverage level under the Association's proposal.

The Association argues that its proposal caps the City's healthcare expenditures at a level below that projected in its own forecasts.

The City favors its proposal because it is consistent with other City bargaining units. It also objects to the idea that the Association would "bank" any increases under the annual cap to use in subsequent years.

**4. Work Schedules:** The current agreement specifies a "four-ten plan" for patrol officers. It also establishes a seniority-based system for shift sign-up.

The City proposes to substitute for the current language mandating the four-ten plan the following:

The Chief of Police has the right to change and implement normal work schedules for all unit personnel, consistent with the needs of the Salinas Police Department. In the event that the Chief changes work schedules during the term of the MOU, the Chief has the right to implement such changes following the completion of any legally required meet and confer and impasse requirements.

The Association proposes a pilot 4/11 shift schedule to begin no later than January 2020. The pilot proposal specifies a patrol schedule of four days on followed by four days off. It specifies start times and end times of shifts. It outlines the use of flexible training hours. The POA's proposal also provides

the Chief with discretion to modify the 4/11 schedule throughout the pilot program, restore the existing 4/10 schedule, or implement another schedule of her choosing if she conducts a workload study.

Neither party proposes to change the seniority-based shift selection system.

5. **Grievance and Discipline:** Disputes over disciplinary actions and contract interpretation currently go to the City's Personnel Commission. The City proposes to maintain the status quo.

The Association proposes to introduce into the CBA a grievance procedure culminating in advisory arbitration. The procedure would apply both to allegations of a contract violation and disciplinary appeals.

6. **Retiree Medical:** The City currently pays the PEMHCA minimum and 25% at the employee-plus-one level for retirees or \$100 per month. The benefit lasts for ten years or until the annuitant reaches age 65, whichever comes first.

The City proposes to continue the current agreement for current employees but eliminate the retirement medical benefits supplemental contribution for new hires. (The PEMHCA minimum payment would still be required so long as the City still participates in CalPERS Medical).

The Association proposes to switch to a defined contribution system of \$100 per month City contribution to each unit member (phased in with a \$50 per month contribution until January 2020.) No supplemental payment would be made to all retirees who retire after August 1, 2019. In addition, the POA will designate annual leave to be transferred into the PORAC medical account by all members across the bargaining unit.

7. **Comp Time:** Currently, comp time in lieu of overtime may be claimed by the unit member for any overtime worked, subject to a 160-hour accumulation cap.

The City proposes to continue this section, except for the use of comp time for grant-funded events. The Association agrees to the change, except it defines the excluded events more narrowly.

8. **Uniform Allowance:** All unit members currently receive \$100 per month for uniform replacement and maintenance.

The Association proposes to add an additional \$100 per month allowance for SWAT team members. The City seeks the status quo.

9. **On-Call Pay:** In the current CBA, detectives assigned to be on-call receive \$2.25 per hour for each on-call hour. No other specialties are eligible for this on-call pay.

The POA proposes to add criminalists, crime scene investigators and violence suppression unit members to the category of unit members eligible for on-call pay. The Association also proposes to change the on-call pay rate to two hours pay per day. The City seeks the status quo.

10. **Shift Differential:** The current contract provides for a \$10 per shift differential for a unit member whose shift includes midnight. Those with ten or more years of service receive an additional \$10 per shift.

The Association proposes an increase from \$10 and \$20 per shift to 3.75% of pay. The City proposes to continue the status quo.

11. **Floating Holiday:** The current agreement provides for one floating holiday per year. The City proposes to eliminate the floating holiday, while the Association proposes the status quo.

12. **Holiday Pay:** The CBA lists twelve annual holidays. Due to patrol schedules, officers are generally required to work these holidays when they fall on their regular workdays. For working a holiday, they receive eight hours of straight time holiday pay plus their regular shift pay.

The POA proposes to convert holiday pay to a 6% across-the-board pay increase. The City proposes the status quo.

#### **Discussion and Recommendations on the Disputed Issues**

1. **Term:** The Association proposes a three-year term, from the date of contract expiration (less than two and a half years from today's date.) This proposal is consistent with the last agreement term. The City proposes a shorter agreement, one and a half years from expiration and a mere eleven months from today. If the City's proposal prevails, the contract would expire June 30, 2020.

The panel recommends the three-year term. This continues the parties' pattern. It provides flexibility and opportunities to phase provisions in or out over a longer period. It would give the parties a much-needed break from negotiations. The transactional costs of collective bargaining – staff time, release time, outside consultants and attorneys, and factfinders – should not be overlooked.

A three-year term will also allow the parties to set aside the economic debates and focus on an equally contentious topic – work schedules. Renewing contract talks during the probable meet and confer process on schedules might distract from that important discussion.

Based primarily on statutory fact eight – other facts traditionally taken into account (in this instance, continuity and stability of bargaining) – the panel recommends the Association’s position on term.

2. **Salary:** The parties are not as far apart on salary as it may appear on first impression. The Association has largely acceded to the City’s perspective on the first-year economics. If either party’s proposal is adopted, the police officers in Salinas will have gone two and a half years between their last across-the-board increase (January 2018) and their next one (July 2020). This more than meets the City’s goal of going a fiscal year without compensation increases.

The panel chairperson’s view is that the Association’s proposal for September 2019 is a “de minimis” juggling of the compensation dollars in a manner that probably will help recruitment and retention of officers. It is unfortunate that the idea of eliminating the master officer program and adding a step instead came up so late in the process. This is the kind of change that requires analysis and reflection on both sides, as it disparately impacts bargaining unit members.

Despite the late introduction of the proposal, the chairperson favors the Association’s first-year proposal over the status quo employer proposal.

As noted in the prior section, a longer-term agreement is preferable to a shorter one, in this instance. The Association’s proposal of 2.5% annual increases in years two and three is exactly in line with City projections. The Association reduced its salary proposal during the factfinding process. Perhaps as the City digests this change, an agreement will result.

Police officers’ salaries in Salinas are roughly in line with the market. In order to remain competitive in this market, salaries must keep pace. An example in the record is the CBA of the nearby City of Gilroy. There, police officers received a 4% increase July 1, 2019. They will receive additional 4% increases July 2020 and July 2021.

Another example is the City of Morgan Hill. There, police officers will receive 4% increases in January 2020 and January 2021.

The panel is cognizant of the challenges posed by escalating safety pension costs, particularly for classic PERS members. The bargaining unit's representative, in the past, has indicated an awareness of this by agreeing to pick up increasing portions of the employer's share of pension costs. Perhaps the parties will continue to explore this option in future negotiations. As the workforce becomes more heavily populated by PEPRA beneficiaries, pension costs will adjust accordingly.

Based primarily on the factor of external comparability (factor five), the panel recommends the Association's salary proposal.

**3. Health Benefits:** The panel favors the City's proposal. It is simpler to administer one consistent health benefit arrangement across all city bargaining units. It promotes internal harmony across city bargaining units. It is unclear if the Association's proposal would save its members money over the life of the proposed agreement.

It makes sense that the City would want to derive a financial benefit from lower-than-expected health premium increases. After all, the City pays the lion's share of the healthcare premiums for employees. The City bears the disproportionate share of the risk of rising healthcare premiums.

For reasons primarily of internal comparability (subsumed under statutory factor seven), the panel recommends the City's health benefits proposal.

**4. Work Schedules:** Both parties expressed dissatisfaction with the current 4/10 schedules. The problem is that the police chief and the Union have not agreed on how to move forward to a better system.

A review of the CBAs of the six comparable cities shows that each one has a negotiated work schedule or list of permissible work schedules for police officers. Most if not all have mechanisms in place for management to change schedules in emergencies and under compelling circumstances. The precise negotiated work schedules vary widely from contract to contract. The 4/11 schedule proposed by the Association is not the most typical one in the comparison cities.

The panel reluctantly favors the City's proposal on this contentious issue. The command staff is responsible for determining how best to align staff days and hours of work with the needs of the service. Management must decide, as soon as possible, the schedule or schedules it favors. It then must consult closely with the Union on the creation of work schedules.

Management's proposal recognizes that it must meet and confer with the Association on the establishment, implementation and impacts of that schedule. Its proposal acknowledges that the meet and confer process is subject to statutory impasse procedures. This aligns with the relevant state statute.

The City must move expeditiously to propose a schedule, meet with the Association, and codify an agreement in the form of a negotiated side letter. The status quo is unacceptable to both parties. It is up to management to act decisively to break the logjam.

The panel's reservations about recommending this City proposal are based on its lack of specific timelines. Deadlines must be in place in order to make this a top priority for resolution. The panel strongly urges the parties to create a timeline for completion of this work schedule modification.

Despite its drawbacks, the City's proposal more closely comports with the statutory factors than does the Association's proposal. The Association's proposal specifies a pilot program. Something like that pilot program may ultimately be agreed upon. The statutory factors do not support a panel recommendation for a detailed schedule modification absent the support of the command staff.

Based primarily on statutory factor one – relevant state laws – the panel recommends the City's proposal on work schedules.

**5. Grievance and Discipline:** The City favors the current system of dispute resolution capped off by appeals to a personnel board appointed by the City and the unions. The Association argues for the use of outside professional neutrals to preside over hearings. The POA's proposal gives the City Council the right to modify or overturn the arbitrator's decision.

Given the contentiousness of the last two rounds of bargaining between the parties, the undersigned neutral chairperson finds that the introduction of outside neutrals into the grievance and discipline process would be a healthy step. A review of the comparable agencies finds that four of the seven have binding arbitration of contract and discipline disputes. One has advisory arbitration. One has a hybrid, and one is apparently covered under personnel commission rules.

Based primarily on factor five (external comparability), the panel recommends the Association's proposal on grievance and discipline.

**6. Retiree Medical:** The Association's proposal has attractive features for both parties. It allows unit members to invest in their future retirement medical needs by steady contributions into their PORAC medical trust. It treats all unit members equally after grandfathering in current retirees under the old

system. For the City, it relieves the City of its defined benefit obligations, except for that minimum amount required for participating in CalPERS Medical.

However, the structure of the Association's proposal would increase the City's cost by significant amounts in the near-term. The City estimates that, when the full cost kicks in, it will have an annual price tag of \$234,000, over 1%. The Association estimates an annual cost beginning in January 2021 of \$122,000 or .58%.

A drawback of the City's proposal is the establishment of a two-tier retirement health benefit system. This is mitigated by the fact that the base retirement system for classic and PEPRA members is already quite different. This creation of a two-tier retirement medical system is in line with what the California legislature has already mandated for pensions under PERS employers.

A review of the comparable agencies shows a mixed pattern on retirement medical, from zero contributions by the employer to a substantial contribution.

Considering all factors, the panel recommends the City's proposal on retirement health benefits. This recommendation is based primarily on the substantial cost of the Association's proposal at a time when the City is trying to redirect resources in a sustainable manner. Factor four –the interests and welfare of the public– becomes paramount in this situation.

7. **Comp Time:** The City convincingly contends that this is a CBA change driven by administrative needs. Outside entities are reimbursing the City for officer overtime when they are utilized to cover special community events. The use of comp time in these circumstances complicates the City's ability to properly bill the outside organizations for the City's costs.

The panel accepts the City's explanation of the need for this change and accompanying definitions. The panel therefore recommends the City's position.

8. **Uniform Allowance:** A review of the six comparable cities shows that two have a special SWAT uniform payment. In Gilroy, officers receive a one-time payment when they are assigned to the SWAT team. In Morgan Hill, SWAT team members received an additional \$50 per year. The other cities have no SWAT special uniform allowance.

The Association contends that SWAT team members have unusual uniform needs and should be reimbursed for those extra expenses. The Association also points out that the CBA includes no differential

pay for SWAT team members. The panel could find no trend in the comparable agencies for SWAT pay differentials.

Based primarily on factor five – external comparability – the panel recommends the City's position of status quo.

9. **On-Call Pay:** The Association argues for its proposal by pointing out that the categories of employees it proposes to add already serve in an on-call status but receive no compensation for that. The POA also contends that the existing pay rate is "grossly insufficient." The City rejects the proposal as too costly, estimating an additional cost to the City of \$144,000 per year, and rising.

Unit members who would receive on-call pay under the POA proposal already receive 5% premium pay for their specialty. Only one of the comparable jurisdictions (San Jose) has a CBA with a clause like what the SPOA is proposing. Based on MMBA factors four (the interests and welfare of the public) and five (external comparability), the panel recommends the City's proposal of status quo.

10. **Shift Differential:** The City estimates the cost of the POA's proposal at \$11,000 per year and increasing over the subsequent years. The POA counters that the cost in its proposal is identical for the ten years of service employees under the current agreement.

Of the six city comparable agencies, a review of the CBAs found only two with shift differential pay for police officers. One (Monterey) has a 2.5% and a 5% shift differential, depending on the assignment hours. The other (Santa Cruz) has a 2.5% shift differential.

Based primarily on factor five, external comparability, the panel recommends the City's proposal of status quo.

11. **Floating Holiday:** The City estimates a savings of \$74,000 per year by the elimination of the one floating holiday. These costs can primarily be ascribed to the need to backfill officers using the floating holiday with another officer on overtime.

No evidence was presented that the number of holidays at the City is out of line with the market. The City plans to increase its police officer staffing. By doing so, it will reduce the need to pay overtime to backfill officers taking their floating holiday.

Based primarily on factor five, external comparability, the panel recommends the Association's proposal of status quo.



12. **Holiday Pay:** The City estimates that the added cost from the Association's proposal is \$213,000 per year, or roughly the cost of a 1% raise. The Association counters that the City will avoid the overtime cost of backfilling police officers due to staffing shortages by adopting this proposal.

Four of the six comparable cities have a percentage added to base salary in lieu of a pay-per-holiday approach. It is not clear from reading those CBAs as to how those percentages were negotiated and whether they were arrived at using a cost-neutral approach.

The undersigned neutral views the built-in pay proposal as an unnecessary locking in of costs. It would preclude the City from undertaking cost savings measures when it staffs up the police force to the level where it might replace officers on holidays. The more prudent course financially, at this juncture, is the status quo.

Based primarily on factor four – the interests and welfare of the public – the panel recommends the City's proposal of status quo.

#### **Summary of Panel Recommendations**

1. **Term:** The panel recommends the Association's proposal of a three-year term.
2. **Salary:** The panel recommends the Association's proposal of a new top step and deletion of the master officer program upon ratification, a 2.5% increase in July 2020 and a 2.5% increase in July 2021.
3. **Health Benefits:** The panel recommends the City's proposal of a 5% premium contribution by all unit members.
4. **Work Schedules:** The panel recommends the City's proposal of deleting the specified schedule from the CBA and allowing the police chief to modify the work schedule subject to the meet and confer and impasse process.
5. **Grievance and Discipline:** The panel recommends the Association's proposal to include advisory arbitration in the CBA.
6. **Retiree Medical:** The panel recommends the City's position of discontinuing the retirement medical supplemental benefit for unit members hired after July 1, 2019.
7. **Comp Time:** The panel recommends the City's proposal of eliminating the use of comp time for grant-funded and special events.

8. **Uniform Allowance:** The panel recommends the City's proposal of status quo.
9. **On-Call Pay:** The panel recommends the City's proposal of status quo.
10. **Shift Differential:** The panel recommends the City's proposal of status quo.
11. **Floating Holiday:** The panel recommends the Association's proposal of status quo.
12. **Holiday Pay:** The panel recommends the City's proposal of status quo.



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Paul D. Roose, Neutral Chairperson

Date: August 31, 2019

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Rocky Lucia, Union-appointed Panel Member

Date: September 3, 2019

☒ I concur with the following Recommendations:

☐ I dissent from the following Recommendations (see attached explanation):

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Donna Williamson, Employer-appointed Panel Member

Date: September 3, 2019

☒ I concur with the following Recommendations:

☐ I dissent from the following Recommendations (see attached explanation):