



**Department:** Human Resources  
**Cost Center:** 3001  
**For Agenda of:** 7/2/2024  
**Placement:** Consent  
**Estimated Time:** N/A

**FROM:** Nickole Domini, Human Resources Director  
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**SUBJECT:** SUCCESSOR MEMORANDUM OF UNDERSTANDING FOR THE SAN LUIS OBISPO POLICE OFFICERS' ASSOCIATION

## RECOMMENDATION

1. Adopt a Draft Resolution entitled, "A Resolution of the City Council of the City of San Luis Obispo, California, adopting and ratifying the Memorandum of Understanding between the City of San Luis Obispo and the San Luis Obispo Police Officers' Association for The Period of July 1, 2024, to June 30, 2027"; and
2. Adopt Regular and Supplemental Employee Salary Schedules effective July 4, 2024, as required by California Public Employees Retirement System (CalPERS)

## POLICY CONTEXT

The key components of this successor Memorandum of Understanding (MOU) are in alignment with Council adopted [Compensation Philosophy](#) and [Labor Relations Objectives](#).

## DISCUSSION

### Background

The City has six bargaining groups consisting of four represented groups and two unrepresented groups. While all other bargaining groups have current MOUs or resolutions, the San Luis Obispo Police Officers' Association's (POA) MOU expired on June 30, 2024. Under California law, when an MOU or labor contract expires, the terms and conditions of the MOU continue without change or remain status quo until a successor MOU is negotiated.

The current compensation and benefits for this group of employees spans a three-year term that started July 1, 2021. The POA represents 71 employees in the Police Department including sworn Police Officers and non-sworn Public Safety Dispatchers, Property and Evidence classifications, Records Clerks, and Police Community Service Officers. In advance of the expiring MOU, negotiations occurred with the represented group. The City's strong policy foundation of financial sustainability, including Council adopted Labor Relations Objectives and the Compensation Philosophy, guide and frame the negotiations process.

## Item 6d

The parties began negotiations on February 28, 2024, and held three (3) additional negotiating sessions through April 19, 2024. In these sessions, the POA provided proposals and presented the City team with their group's priorities and interests, and the City provided proposals as well as a comprehensive overview of proposed edits to the current POA MOU in an effort to clean up and clarify language, memorialize side letters, and address non-economic operational changes.

Over the course of four (4) formal negotiation sessions, the POA and the City engaged in a collaborative process resulting in a tentative agreement that aligns with the City's Compensation Philosophy and financial objectives. This agreement aims to ensure competitive compensation for employees in an effort to attract and retain highly qualified employees. By maintaining parity with the relevant labor market, the tentative agreement strives to create a fair and balanced compensation structure that fosters employee satisfaction and retention.

### Key Components of the Successor POA MOU

The following is a summary of the key changes included in the successor POA Agreement:

- 1. Term of Agreement:** A three-year agreement (July 1, 2024, to June 30, 2027).
- 2. Market Equity Adjustments:** Increase the salary for specific POA classifications based on the market compensation study effective the first full pay period of the timeframe below:

POA Classification	July 2024	July 2025	July 2026	Total
Police Officer	1.0%	1.0%	1.0%	<b>3.0%</b>
Public Safety Dispatcher	1.0%	--	--	<b>1.0%</b>

- 3. Cost of Living Adjustments:** Provide three percent (3%) cost-of-living adjustments to all classifications effective the first full pay period of July 2024, July 2025, and July 2026 so that after an agreement is reached, compensation scales maintain their competitive position with the labor market.
- 4. Retirement Cost-Sharing:** POA members will continue making their current contributions towards the employers' portion of the retirement contribution, as part of the City's Fiscal Health Response Plan.
- 5. Overtime:** Eliminate the dual calculation of overtime as soon as administratively possible following Council adoption and agree to include cash in lieu into the MOU overtime rate in compliance with the *Flores v. City of San Gabriel* decision.
- 6. Training Officer Incentive:** Provide \$50 per day for Police Community Service Officers and \$100 per day for Police Officers assigned as Training Officers. Provide \$200 per pay period for Public Safety Dispatchers assigned as Training Officers.

- 7. Health Insurance:** (1) Continue the City’s existing health insurance cost-share formula in 2025, 2026, and 2027; (2) The City will begin paying the CalPERS Medical Administrative Fee; and (3) Increase the City’s monthly health insurance contribution to the following amounts effective July 2024:

Level of Coverage	Current 2024 City Contribution Amounts	Proposed 2024 City Contribution Amounts
EE Only	\$698	\$698
EE + 1	\$1,268	\$1,368
EE + 2	\$1,672	\$1,779
Opt Out	\$559	Legacy: \$559 New Members after 1/1/25: \$400

- 8. Call Back:** Increase the Call Back minimum payment from three hours to four hours pay.
- 9. Uniform Allowance:** Increase the annual uniform allowance from \$1,000 to \$1,300 for Police Cadets and Police Officers. Increase the annual uniform allowance from \$500 to \$650 for all other classifications.
- 10. Standby:** For Investigators and Bomb Technicians, increase the standby compensation from \$45 to \$50 per regularly scheduled workday and from \$65 to \$70 per regularly scheduled day off and holidays.
- 11. Night Shift Differential:** Provide \$200 per pay period for Police Officers and Public Safety Dispatchers routinely and consistently assigned to work from 1900-0700 hours (7:00 PM to 7:00 AM).
- 12. Senior Police Officer (SPO)<sup>1</sup> Pay<sup>2</sup>:** Modify the incentive by removing top Police Officer pay grade step (step 7) and add a pay incentive for SPOs of 5.7% of base salary.
- 13. Other Miscellaneous Modifications:** Other minor modifications resulting in no or low cost were agreed to, primarily related to clarifying language in the MOU regarding the Senior Police Officer Program, overtime, vacation, telephone requirements, work schedules, and the promotional policy, among others.

<sup>1</sup> Formerly referred to as Master Police Officer (MPO).

<sup>2</sup> Staff reached out to CalPERS to review special compensation reportability. It was determined that in order for SPO pay to remain reportable, the City should shift the incentive away from being included as the top step of the pay grade. Staff analyzed compensation data to determine the 5.7% incentive pay, which will be cost neutral.

**Revised Salary Schedules**

In compliance with Public Employees’ Retirement Law and the Public Employees’ Pension Reform Act of 2013 (PEPRA), CalPERS requires publicly available pay schedules. It also defines eight (8) requirements for such schedules, including that the schedule be duly approved and adopted by the employer’s governing body in accordance with requirement of applicable public meetings laws, it is posted on the employer’s website, and it is retained by the employer and available for public inspection for not less than five years. Publicly available pay schedules are a critical component to verify all members’ pay rates when calculating members’ retirement benefits. Maintaining a compliant pay schedule will support transparency and expedite CalPERS’ review process. The attached salary schedule meets these requirements for the proposed salary adjustments (attachments C and D).

**Previous Council or Advisory Body Action**

Council provided direction to City negotiators in closed session.

**Public Engagement**

This report is on the consent agenda for July 2, 2024. The agenda and report will be posted seven days in advance of the meeting, and the public will have an opportunity to provide feedback during public comment in advance of the Council voting on the consent agenda.

**CONCURRENCE**

The parties’ reached a tentative agreement, subject to Council approval, and POA shared that the tentative agreement was ratified by a vote of the membership on May 15, 2024.

**ENVIRONMENTAL REVIEW**

The California Environmental Quality Act does not apply to the recommended action in this report, because the action does not constitute a “Project” under CEQA Guidelines Sec. 15378.

**FISCAL IMPACT**

Budgeted: Yes  
Funding Identified: Yes

Budget Year: 2024-25 and ongoing

**Fiscal Analysis:**

<b>Funding Sources</b>	<b>Total Budget Available</b>	<b>Current Funding Request</b>	<b>Remaining Balance</b>	<b>Annual Ongoing Cost<sup>3</sup></b>
General Fund	\$636,338	\$636,338	\$0	\$1,584,994
State				
Federal				
Fees				
Other:				
<b>Total</b>	<b>\$636,338</b>	<b>\$636,338</b>	<b>\$0</b>	<b>\$1,584,994</b>

The ongoing cost, encompassing all items in the successor MOU, amounts to approximately \$1,585,000. It is important to note that the Current Funding Request encompasses the entirety of the agreement resulting from the negotiated changes in 2024-25. The annual ongoing costs, or year over year costs, as highlighted in the table below, will establish a new base cost for subsequent years and will be incorporated into the fiscal forecast.

The fiscal forecast included adequate budget to cover the costs as part of the 2024-2025 Budget Supplement and the ongoing increases will be built into future fiscal forecasts.

<b>Total Cost</b>	<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>
Year Over Year Cost	\$636,338	\$458,846	\$489,810
Total Cumulative Ongoing Cost Per Year	<b>\$636,338</b>	<b>\$1,095,184</b>	<b>\$1,584,994</b>

**ALTERNATIVES**

***Do not approve recommended changes to the resolution and MOU.*** Instead, direct staff to return to the bargaining table with the POA. This alternative is not recommended as the resolution and MOU are consistent with previous City Council direction and Council adopted Compensation Philosophy and Labor Relations Objectives.

**ATTACHMENTS**

- A - Draft Resolution adopting and ratifying the Successor MOU with SLOPOA
- B - Exhibit A to Draft Resolution – Successor MOU with POA – Legislative Draft
- C - Regular and Contract Employee Salary Schedule effective July 4, 2024
- D - Supplemental Employee Salary Schedule effective July 4, 2024

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<sup>3</sup> The cost is the total cumulative ongoing cost after all items are implemented in accordance with the successor MOU.