



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: DECEMBER 13, 2016**

FROM: HUMAN RESOURCES DEPARTMENT **WARDS: ALL**

SUBJECT: APPROVAL OF REVISIONS TO THE MEMORANDUM OF UNDERSTANDING WITH THE RIVERSIDE POLICE ADMINISTRATORS' ASSOCIATION (RPAA); APPROVAL OF REVISIONS TO THE UNREPRESENTED EMPLOYEES COMPENSATION AND BENEFITS PACKAGE; AND APPROVAL OF RELATED REVISIONS TO THE FRINGE BENEFIT AND SALARY PLAN

ISSUE:

Approval of the successor Memorandum of Understanding with the Riverside Police Administrators' Association (RPAA) and revisions to the compensation and benefits package for Unrepresented Employees.

RECOMMENDATION:

That the City Council:

1. Approve the attached Memorandum of Understanding (MOU) effective December 2, 2016 through December 31, 2021, which incorporates the negotiated revisions; and authorize the City Manager, or his designee, to execute the Memorandum of Understanding on behalf of the City;
2. Approve the changes to the compensation and benefits package for Unrepresented Employees; and
3. Adopt the attached Resolution amending the Master Fringe Benefits and Salary Plan to reflect the revised MOU provisions and Unrepresented Employee compensation and benefits package as outlined in Exhibit A attached thereto.

BACKGROUND:

The City entered into and has successfully concluded labor negotiations with the Riverside Police Administrators' Association (RPAA) Unit regarding a successor MOU to the current RPAA labor agreement, which is in effect until December 1, 2016.

This report is published on December 1, 2016 for the December 13, 2016 City Council Meeting. The specific MOU changes are still under review by the RPAA Unit. The fundamental terms of the MOU have been agreed upon by the parties and are reflected in the Tentative Agreement signed by the parties. However, edits in drafting can cause changes to MOU language. Any such changes to the MOUs will not impact the fundamental terms of the agreement and therefore, will be appropriately brought to the City Council at the December 13, 2016 City Council meeting.

Additionally, the City Manager has offered similar changes to the compensation and benefits package for Unrepresented Employees for the same five-year term, from July 1, 2016 through June 30, 2021. The specific provisions align with the concepts agreed upon with other labor groups and follow the City's new **Partnership Compensation Model**.

The labor negotiations were focused around this model and the following core principles:

1. The City of Riverside and our employees are partners.
2. All employees should contribute a fair share to their pension, California Public Employees' Retirement System (PERS) costs.
3. Salary increases will be based on a Balanced Revenue Index (BRI) that ties employee raises to the performance of key General Fund revenues.

BRI is calculated by using the annual change in the four largest General Fund revenues: Sales Tax, Property Tax (general property tax only, excluding local measures), Hotel Tax and Utility Consumption Tax. The calculations are done at the end of a fiscal year to determine a salary raise for the following calendar year. Fifty percent of the BRI change from fiscal year (FY) 2015/16 to 2016/17 would be used to set the salary increase for January 2018; same will apply to future years. In this Model, the salary increases have a minimum amount and a maximum amount, which act as a bracket around any salary changes indicated by the Model's formula.

DISCUSSION:

RPAA SUMMARY OF TERMS

Provisions of the tentative agreements have been ratified by the union in September 2016 and are herein presented for the City Council's approval:

1. Labor Contract Period:
December 2, 2016 through December 31, 2021 (five-year contract).
2. Salaries:

Year	Effective Date	Salary Increases
1	January 1, 2017	0%
2	January 1, 2018	All members of the bargaining unit will receive a minimum of 0% and a maximum of 6% based upon 50% of the rate of growth of the BRI for fiscal year 2016/2017.
3	January 1, 2019	All members of the bargaining unit will receive a minimum of 0% and a maximum of 6% based upon 50% of the rate of growth of the BRI for fiscal year 2017/2018.
4	January 1, 2020	All members of the bargaining unit will receive a minimum of 0% and a maximum of 6% based upon 50% of the rate of growth of the BRI for fiscal year 2018/2019.
5	January 1, 2021	All members of the bargaining unit will receive a minimum of 0% and a maximum of 6% based upon

		50% of the rate of growth of the BRI for fiscal year 2019/2020.
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3. PERS Retirement Contribution:

The City has three tiers of retirement benefits as a result of changes to CalPERS. The negotiated terms include that all Tier 1 employees (those hired prior to June 8, 2012 and for whom the City currently pays the 9% employee share of retirement) will contribute up to 6% by the end of the contract. All Tier 2 and Tier 3 already pay the full employee share of retirement, i.e. 9% and 11.5%, respectively.

Year	Effective Date	Employee Pays
1	January 1, 2017	0%
2	January 1, 2018	If a salary increase is in excess of 2% during this year (based on the BRI calculation above), 1.5% of the total salary will be applied to the Employer Portion of PERS
3	January 1, 2019	If a salary increase is in excess of 2% during this year (based on the BRI calculation above), 1.5% of the total salary will be applied to the Employer Portion of PERS
4	January 1, 2020	If a salary increase is in excess of 2% during this year (based on the BRI calculation above), 1.5% of the total salary will be applied to the Employer Portion of PERS
5	January 1, 2021	If a salary increase is in excess of 2% during this year (based on the BRI calculation above), 1.5% of the total salary will be applied to the Employer Portion of PERS

4. Health Insurance:

Effective the first paycheck in December 2018, any increase in cost of health insurance premiums will be divided equally between the City and the employees. This provision shall not apply to individuals with employee only coverage until the premium exceeds the amount of the City's monthly contribution.

5. Holidays:

Effective 2017, the Cesar Chavez holiday will be added to the list of authorized holidays (to be observed on the last Monday of March).

6. Release Time:

Release time of up to 176 hours per year will be granted to the Association Board.

7. Sick Leave Incentive:

In January of each year, every unit member with more than 10 years and less than 15 years of total service time with the Riverside Police Department shall have credited to his/her vacation bank an additional 20 hours if in the preceding calendar year the employee

used less than 50 hours of sick leave. The effectiveness of this incentive will be assessed during the term of the contract for potential re-evaluation in the next contract.

8. Patrol Premium Pay:

Lieutenants assigned as Watch Commanders will receive a 5% patrol premium stipend.

9. Shift Differential Pay – Watch Commanders:

Lieutenants assigned as Watch Commanders shall receive a shift differential pay when assigned to the following shifts:

- Graveyard Shift: \$30 per shift
- Swing Shift: \$22.50 per shift

10. Reopener Items:

The City and/or the RPAA may request a reopener no later than December 1, 2017 regarding 75% sick leave balance payout upon retirement and medical insurance in relation to items previously deferred to the Health Benefits Committee.

UNREPRESENTED EMPLOYEES SUMMARY OF TERMS

1. Term: Five Years, July 1, 2016 through June 30, 2021

2. Salaries:

Year	Effective Date	Salary Increases
1	January 1, 2017	0%
2	January 1, 2018	All unrepresented employees will receive a minimum of 2% and a maximum of 4% based upon 50% of the rate of growth of the BRI for fiscal year 2016/2017.
3	January 1, 2019	All unrepresented employees will receive a minimum of 3% and a maximum of 5% based upon 50% of the rate of growth of the BRI for fiscal year 2017/2018.
4	January 1, 2020	All unrepresented employees will receive a minimum of 3% and a maximum of 5% based upon 50% of the rate of growth of the BRI for fiscal year 2018/2019.
5	January 1, 2021	All unrepresented employees will receive a minimum of 2% and a maximum of 4% based upon 50% of the rate of growth of the BRI for fiscal year 2019/2020.

3. Retirement:

The City has three tiers of retirement benefits as a result of changes to CalPERS. All Tier 1 unrepresented employees (those hired on or before October 18, 2011 and for whom the City currently pays the full 8% employee share of retirement) will contribute a total of 8% by the end of the contract. Tier 2 employees already pay 8% and Tier 3 employees already pay 7%, their respective full employee shares.

Year	Effective Date	Tier 1 Employee Pays	City Pays
1	January 1, 2017	0%	8%
2	January 1, 2018	2%	6%
3	January 1, 2019	4%	4%
4	January 1, 2020	6%	2%
5	January 1, 2021	8%	0%

4. Health Insurance:

Effective December 2016 paychecks for January 2017 premium, the following increases will be made to the monthly employer contributions:

Employee Only Coverage:	\$30
Employee + One:	\$40
Employee + Family:	\$55

Effective the first paycheck in December 2018 for January 2019 premium, any increase in health insurance premiums will be divided equally between the City and the employees. This provision shall not apply to individuals with employee only coverage until the premium exceeds the amount of the City's monthly contribution.

5. Holidays:

Holiday pay will be based on regular work-day hours and not 8 hours (except for part-time employees). Employees shall receive holiday compensation equivalent to their regularly scheduled work hours (e.g. 10 hours of holiday pay for 10-hour shift).

Effective 2019, the Cesar Chavez holiday (last Monday in March) will become a paid City holiday.

6. Overtime Calculation:

For employees in classifications eligible to receive overtime compensation, the use of sick leave hours shall be counted towards "hours worked" in the calculation of overtime.

7. Probationary Period Merit Increases:

All merit increases for employees hired/appointed after Council adoption of this report shall be effective upon each 12 months of service (including employees hired/appointed at step 1).

8. Safety Footwear Allowance:

Provide a stipend of \$250 per fiscal year for employees required to wear safety footwear and utilizes such footwear at work.

9. Shift Differential Pay:

Swing Shift: Increase from \$1.50/hour to \$1.65/hour

Graveyard Shift: Increase from 1.75/hour to \$2.00/hour

10. Stand By Pay:

Increase from 1 hour to 2 hours of regular pay from the end of a regularly scheduled work shift to the beginning of the next day's regularly scheduled work shift.

FISCAL IMPACT:

The fiscal impact of the proposed MOU for RPAA Police Unit is approximately \$29,000 in FY 2016/17 and \$200,000 in FY 2017/18. The total cost impact for the five-year MOU is approximately \$2.6 million. A full analysis for the combined fiscal impact through FY 2020/21 is included in Attachment 3.

The fiscal impact of the proposed compensation package for unrepresented employee groups is approximately \$211,000 in FY 2016/17 and \$1.7 million in FY 2017/18. The total cost impact for the five-year MOU is approximately \$25.7 million. The General Fund impact is approximately \$129,000 in FY 2016/17 and \$1 million in FY 2017/18. The total cost for the five-year impact to the General Fund is approximately \$15.3 million. A full analysis for the combined fiscal impact through FY 2020/21 is included in Attachment 4. The proposal also includes items for standby pay, shift differential, and boot allowance for employees in similar positions to those represented by IBEW and SEIU. The cost for these items is estimated to be minor and will be absorbed in departmental budgets.

Prepared by:	Pia Rose, Interim Human Resources Director
Certified as to availability of funds:	Scott Miller, PhD, Chief Financial Officer/City Treasurer
Approved by:	Marianna Marysheva, Assistant City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachments:

1. Comprehensive Memorandum of Understanding for RPAA
2. Resolution Amending the Fringe Benefits and Salary Plan
 - a. Exhibit A – Amended Fringe Benefits and Salary Plan
3. RPAA MOU Fiscal Impact
4. Unrepresented Employees Fiscal Impact