



# City of Chula Vista

## Staff Report

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**File#:** 17-0082, **Item#:** 3.

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A. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING AN AMENDMENT (LETTER OF UNDERSTANDING) TO THE 2014-2017 MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF CHULA VISTA AND THE CHULA VISTA POLICE OFFICER'S ASSOCIATION

B. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA AMENDING EMPLOYER PAID MEMBER CONTRIBUTIONS FOR TIER 1 EMPLOYEES IN CLASSIFICATIONS REPRESENTED BY THE CHULA VISTA POLICE OFFICER'S ASSOCIATION EFFECTIVE JUNE 19, 2020

C. RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CHULA VISTA APPROVING CESSATION OF PAYMENT, ON EMPLOYER SIDE, FOR OPTIONAL BENEFITS BY TIER 1 EMPLOYEES IN CLASSIFICATIONS REPRESENTED BY THE CHULA VISTA POLICE OFFICER'S ASSOCIATION AS A RESULT OF TERMINATION OF EMPLOYER PAID MEMBER CONTRIBUTIONS FOR SAID EMPLOYEES EFFECTIVE JUNE 19, 2020

### **RECOMMENDED ACTION**

Council adopt the resolutions.

### **SUMMARY**

In Fall 2014, negotiating teams representing the City of Chula Vista and the Chula Vista Police Officer's Association (CVPOA) worked collaboratively toward the development of a mutually beneficial Memorandum of Understanding (MOU), which the parties entered into for the time period of November 4, 2014 to June 30, 2017. The City and CVPOA recently engaged in informal discussions to extend and amend the current MOU and an agreement was subsequently reached on the term of the MOU, salary adjustments and benefits, the elimination of Employer Paid Member Contributions (EPMC) for Tier 1 employees (unless otherwise elected by CVPOA to continue EPMC for an additional specified period by paying the full cost for the benefit), and Affordable Care Act (ACA) reopener language.

### **ENVIRONMENTAL REVIEW**

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378(b)(2) of the State CEQA Guidelines because it is a personnel related action; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

### **Environmental Notice**

The activity is not a "Project" as defined under Section 15378 of the California Environmental Quality

Act State Guidelines; therefore, pursuant to State Guidelines Section 15060(c)(3) no environmental review is required.

## **BOARD/COMMISSION RECOMMENDATION**

NA

## **DISCUSSION**

In Fall 2014, negotiating teams representing the City of Chula Vista and the Chula Vista Police Officer's Association (CVPOA) worked collaboratively toward the development of a mutually beneficial Memorandum of Understanding (MOU), which the parties entered into for the time period of November 4, 2014 to June 30, 2017. The City and CVPOA recently engaged in informal discussions to extend and amend the current MOU and agreement was subsequently reached on the term of the MOU, salary adjustments and benefits, the elimination of Employer Paid Member Contributions (EPMC) for Tier 1 employees (unless otherwise elected by CVPOA to continue EPMC for an additional specified period by paying the full cost for the benefit), and Affordable Care Act (ACA) reopener language.

Below is a summary of the agreement reached:

1. Term and Effect: Extend the current expiration date of June 30, 2017 to June 30, 2020
2. Salary Adjustments:
  - 2% in the first full pay period of July 2017
  - 2% in the first full pay period of July 2018
  - 2% in the first full pay period of July 2019
3. Longevity Pay: Creates a second category of Longevity Pay: After twenty (20) or more complete years of service with the Chula Vista Police Department in a classification represented by the CVPOA the longevity pay is increased to 5% (cannot be combined with the existing 3% longevity pay received after fifteen (15) years of service)
4. Education/P.O.S.T Pay: Incentive pay for possession of an Associate's degree, Bachelor's degree or Advanced/Supervisory P.O.S.T eliminated for represented employees hired on or after July 1, 2017
5. Medical:
  - Effective January 1, 2018, for employees enrolling in a non-Kaiser HMO, the City will pay 2/3 of the premium difference, less \$50 per month.
  - Effective January 1, 2019, for employees enrolling in a non-Kaiser HMO, the City will pay 1/3 of the premium difference, less \$50 per month.
  - Effective January 1, 2020, employees enrolled in a non-Kaiser plan are responsible to pay any amount greater than the cost of the Kaiser Plan.
6. Retiree Medical Trust: Employees hired on or after July 1, 2017 shall contribute \$100 per month.

7. Elimination of EPMC for Tier 1 employees at the end of last full pay period of June 2020. However, CVPOA may elect to continue EPMC for an additional specified period by paying the full cost for the benefit. .
8. Incorporate reopener language regarding the Affordable Care Act (ACA)

The agreement was ratified by a majority of the CVPOA membership on February 23, 2017.

#### Termination of Employer Paid-Member Contributions for Tier 1 Employees

Additionally, the City presently pays 9%, on employee side, for retirement benefits for Tier 1 CVPOA represented employees resulting in Employer Paid Member Contributions ("EPMC") and CVPOA represented employees presently pay, on the employer side, 9% for CalPERS optional benefits.

Pursuant to Government Code section 20691, effective June 19, 2020, the City will cease to pay 9%, on the employee side, for retirement benefits for Tier 1 employees represented by CVPOA resulting in 9% payment by Tier 1 employees represented by CVPOA, on the employee side, for employee contributions for retirement benefits (which they had not been required to pay) and the cessation of EPMC.

However, CVPOA may elect to continue EPMC for Tier 1 employees for an additional specified period by paying the full cost for the benefit (in an amount determined by CalPERS). CVPOA must provide the City notice of the aforementioned election to continue the EPMC by providing the City notice by June 1, 2020 and thereafter agreement to a Letter of Agreement ("LOA"), setting the specifics of the payment for the benefit and the term for the benefit extension. After the expiration of the extended term, EPMC may again be the subject of meet and confer for its removal.

#### **DECISION-MAKER CONFLICT**

Staff has reviewed the decision contemplated by this action and has determined that it is not site specific and consequently, the 500-foot rule found in California Code of Regulations section 18704.2 (a)(1), is not applicable to this decision. Staff is not independently aware, and has not been informed by any Council member, of any other fact that may constitute a basis for a decision maker conflict of interest in this matter.

#### **LINK TO STRATEGIC GOALS**

The City's Strategic Plan has five major goals: Operational Excellence, Economic Vitality, Healthy Community, Strong and Secure Neighborhoods and a Connected Community. These changes support City Initiative 1.2.3 Retain and attract quality employees under the Operational Excellence goal. Employee compensation is instrumental to recruiting and retaining quality employees.

#### **CURRENT YEAR FISCAL IMPACT**

The proposed salary adjustments do not have a net impact on the current fiscal year, as their effective dates are in future fiscal years. The proposed increase in longevity pay is estimated at \$16,500 in the current fiscal year.

It is important to note, that in the Fiscal Year 2016-17 Second Quarter Financial Report disclosed that the Police Department is anticipated to exceed their Personnel Services budget by approximately \$1.6 million and their total budget by \$1.8 million. Due to savings anticipated in other department

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budgets, the overall anticipated deficit is \$1.03 million. Staff will continue to work with the various departments in order to mitigate the overall General Fund projected deficit which includes the anticipated impacts related to longevity pay. If savings or unanticipated revenues are not identified, there will be a negative impact to the overall general fund reserves.

**ONGOING FISCAL IMPACT**

Staff is currently working on the development of the fiscal year 2018 proposed budget. The estimated baseline budget for salary and benefits associated with CVPOA positions is anticipated to total \$37.4 million in the General Fund and Police Grants Fund. The proposed salary and benefit changes for CVPOA represented employees would increase the City's annual ongoing operating costs in fiscal year 2018 by an estimated \$0.66 million. Of this amount \$0.64 million is anticipated to be a General Fund impact and \$0.02 million is impacts to the Police Grants Fund. The fiscal impacts related to future salary increases scheduled for 2019 and 2020 will be incorporated in the budgets for those fiscal years. The anticipated impacts are noted below.

Estimated Fiscal Year Impact in Comparison to FY2018				
Fund		FY2018	FY2019	FY2020
General Fund	\$	638,254	\$ 1,464,867	2,440,000
Police Grants Fund	\$	19,365	\$ 42,920	70,250
Total All Funds	\$	657,619	\$ 1,507,787	2,510,250

The City may incur additional fiscal liability if the CVPOA elects to continue EPMC benefits at their cost. The actual liability is unknown at this time and may depend on several factors ultimately determined by CalPERS investment performance and Board decisions on future discount rates.

**ATTACHMENT**

- (1) Amendment (Letter of Understanding) to the 2014-2017 MOU Between the City of Chula Vista and the Chula Vista Police Officer's Association

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