



City Council Staff Report

From: City Manager

Report Type: CONSENT CALENDAR

Lead Department: Human Resources

Meeting Date: April 17, 2023

Report #:2303-1152

TITLE

Adoption of a Memorandum of Agreement with the Palo Alto Police Officers' Association and the Police Management Association; Adopt an Amendment to correct the Fire Chiefs' Association salary schedules; and, Adopt revised Management and Professional salary schedules CEQA Status - Not a project

RECOMMENDATION

Staff recommends that Council:

1. Adopt a new memorandum of agreement between the City of Palo Alto and the Palo Alto Police Officers' Association (PAPOA) effective upon adoption through June 30, 2025 (Attachment A) and corresponding salary schedule (Attachment C), and
2. Adopt a new memorandum of agreement between the City of Palo Alto and the Palo Alto Police Management Association (PMA) effective upon adoption through June 30, 2025 (Attachment B) and corresponding salary schedule (Attachment D), and
3. Adopt a corrected Fire Chiefs' Association (FCA) salary schedule (Attachment E, corrected from February 27, 2023), and
4. Adopt revised Management and Professional salary schedules, effective December 31, 2022 through June 30, 2025 (Attachment F, revised from December 19, 2022).

BACKGROUND

In accordance with California state law regulating local public agencies, the City of Palo Alto (City) meets and confers in good faith with our recognized labor organizations. The team of negotiators representing the City, comprised of Human Resources staff, outside counsel and management representatives, met with labor representatives and successfully reached Tentative Agreement on successor Memoranda of Agreement (MOA).

The Palo Alto Police Officers' Association (POA) currently has 76 FTE that are covered under the MOA. Employees in this unit include the City's Police Officers, Police Agents and Police Sergeants. The Palo Alto Police Managers' Association (PMA) currently has 6FTE that are covered under the MOA including the classifications of Lieutenant and Captain. Employees within PMA provide middle and upper-level management for the Police Department's personnel and training, field services including patrol and police response, and investigative services. The prior agreement with POA and PMA was in effect until December 31, 2022 and a summary of the agreement terms is included in this memo and the proposed MOAs are attached to this report.

The Fire Chief's Association reached agreement with the City and the new Memorandum of Agreement was approved on February 27, 2023.¹

ANALYSIS

In alignment with the citywide workforce strategy on recruitment and retention, the parties negotiated the following terms and conditions targeting competitive market placement and prioritizing salary and flexibility in benefits increasing employee choice. When coming to agreement on the prior contract in 2018, the City faced significant vacancies in the Police Department and recognized the cost and challenges of turnover. The impact of each loss of an officer is estimated at \$200,000 in turnover costs, 12 to 18 months to train a new officer and the loss of experience and institutional knowledge. The prior agreement helped stabilize vacancies; however, with the continued industry-wide sparseness of applicants it remains critical for the City to continue to provide competitive wages and benefits to support workforce retention. Recent exit survey results identify the top reasons for separation include career advancement, higher salary, commute, and cost-of-living.

After evaluating the City's current market placement for these groups in accordance with the MOA, the MOAs before Council are intended to hold Palo Alto's targeted competitive market placement and provide continued uninterrupted services for the community.

The following summarizes the changes to the terms of the agreement with POA and PMA:

- A 2.5 year contract term ending June 30, 2025.
- Targeted market adjustment of 5% upon adoption.
- 4% general salary increase in the first full pay period following July 1, 2023, and 4% general salary increase in the first full pay period following July 1, 2024.

¹ City Council February 27, 2023, Agenda Item #3, Staff Report 2301-0906
<https://portal.laserfiche.com/Portal/DocView.aspx?id=64866&repo=r-704298fc&searchid=4a83a038-7e32-49dd-aa9f-ca5aed97e4d1>

- Changes to specific specialty pays
 - POA: Traffic Team premium; Field Training Officer pay (for term of contract only)
 - PMA: POST Management Education Certification
- Health Benefits Contributions – City’s contributions will be increased to a maximum of \$2,260 per month for calendar year 2023. This contribution, which reflects a 4% increase, brings POA and PMA into alignment with other groups including International Association of Firefighters (IAFF), FCA and Management and Professional employees and will not increase in Year 2 of the contract; employees will instead be provided with flexible compensation to increase employee choice.
- Flexible Compensation – increase base salary in order to provide more flexibility for employees with different goals and interests allowing choices for employees
 - \$100 per month compensation upon adoption
 - Additional \$100 per month (for a total of \$200/month) effective January 2024
- Addition of one floating holiday in recognition of days of historical significance (in-lieu Holiday Pay)

Salary Schedule Corrections & Revisions:

Fire Chiefs’ Association (FCA)

Staff recommends adopting the corrected salary schedule for the Fire Chiefs’ Association (FCA). A decimal error was made in the calculation of the salary schedule presented and adopted by City Council on February 27, 2023 (Agenda Item #3). Attachment E to this report reflects the corrected salary schedule for the Fire Chief’s Association for Council adoption.

Management and Professional Salary Schedule

Staff recommends adopting the revised Management and Professional salary schedule (Attachment F) adopted by Council on December 19, 2022² (ID#15004) for the following classifications in the unrepresented Management and Professional group: Fire Chief, Deputy Fire Chief, and Fire Marshal. These classifications supervise the staff in the FCA and/or the IAFF Firefighters group and their salary ranges were impacted by the FCA market adjustments (over term of Fire contracts, a 12% market adjustment was approved). The adjustment to these ranges are recommended in order to maintain an internal spread between the represented classifications that is consistent with the City’s practices. The City Manager will review and

² City Council December 19, 2022, Item #7, Staff Report 15004,
<https://portal.laserfiche.com/Portal/DocView.aspx?id=59178&repo=r-704298fc>

approve adjustments for these classifications within authority outlined in the Management and Professional Compensation Plan.

FISCAL/RESOURCE IMPACT

Approval of the staff recommendations outlined in this report for the Police Officer Association and Police Management Association will result in cumulative costs of approximately \$5.2 million in the General Fund over the 2.5 year term of the agreements. Ongoing annual costs for these agreements once the contract term ends are estimated at \$2.7 million in the General Fund. Below is a breakdown by unit:

	Total Contract Over 2.5-yr Term	% Budget Change Over 2.5-yr Term	Annual Ongoing Cost
POA	\$4.5M	8.9%	\$2.3M
PMA	\$0.7M	12.6%	\$0.4M

There is no additional financial impact for the adoption of the corrected Salary Schedule for FCA (Attachment E).

Approval of the revised salary schedule for the unrepresented Management and Professional group will result in cumulative cost of \$325,000 in the General Fund over the term of the agreement which extends until June 2025. Ongoing annual costs are estimated at approximately \$130,000.

STAKEHOLDER ENGAGEMENT

City staff will post the Memoranda of Agreement and salary schedules on the City's website after Council adoption for public access. Human Resources will communicate the changed to the terms of these agreements to highlight in job postings to attract new talent, fill vacancies and support employee retention.

ATTACHMENTS

Attachment A: POA Memorandum of Agreement

Attachment B: PMA Memorandum of Agreement

Attachment C: POA Salary Schedule

Attachment D: PMA Salary Schedule

Attachment E: Corrected FCA Salary Schedule

Attachment F: Revised Management and Professional Salary Schedule

APPROVED BY:

Sandra Blanch, Human Resources Director