

## Proposed Side Letter of Agreement - FPOA - Police Safety Unit

- Final consideration and approval of a proposed side letter agreement with Fullerton Police Officers' Association -Police Safety Unit
- Current agreement extends to 2020/21 or 2021/22
- Factors leading to proposed mid-term changes
  - Attrition losses
    - Experienced officers retiring
    - Mid-career officers moving laterally
  - Impacts to CalPERS rates
  - Imbalance of experienced officers to new officers
  - Ongoing vacancy rate and recruitment challenges

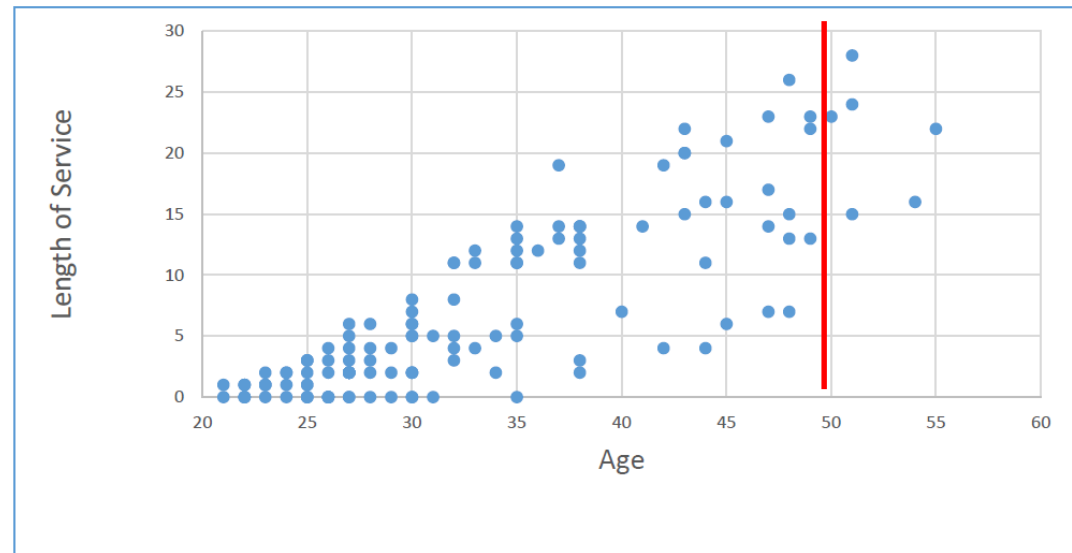
## Age and Service- FPOA-PSU

### ▫ Police Sergeant

- Average length of service – 16 years
- Four have eight or more years as Sergeant
- Eleven (50%) have less than two years as Sergeant

### ▫ Police Officer

- Average length of service – 2.9 years
- Greater than one third have less than two years experience as a Police Officer
- 51 are under age 30, half are 25 or younger



## Attrition- FPOA-PSU

- Attrition losses:
  - Experienced officers retiring
    - 28 (20%) since July 2015
  - Mid-career officers moving laterally
    - 16 since July 2015
    - Upcoming 5 potential
  - Impacts to CalPERS rates
    - Shift from “Classic” formulas to “PEPRA” formula (PEPRA = Public Employees’ Pension Reform Act of 2013; Classic = employees not covered by PEPRA formula) - 52% PEPRA
    - Increase to value and cost of Fullerton service years related to higher earnings in other agencies

## Attrition- FPOA-PSU

Attrition in the ranks of Police Sergeant, Police Corporal, Police Officer, and Police Officer Trainee				
Fiscal Year	Total Attrition	Percent of Budgeted	Resignations for Lateral Moves	Average Years of Service
2012-2013	15	11%	1	1
2013-2014	9	7%	0	n/a
2014-2015	9	7%	0	n/a
2015-2016	5	4%	2	6
2016-2017	26	18%	6	8
2017-2018	16	11%	5	10
2018-2019	21	15%	3	9
2019-2020	1	1%	0	n/a

Attrition = Retirement, Resignation, Dismissal, and Promotion to management due to attrition in higher ranks

## Recruitment and Vacancy Concerns- FPOA-PSU

- External Recruitments
  - CalPERS benefit formula
  - Highly competitive market
  - Continuous recruitment efforts for Police Trainees
- Internal Recruitments
  - January 2019 recruitment for Police Corporal yielded 16 fewer candidates than available positions
  - Current vacancies/underfilled
    - 13 of 54 Police Corporal positions vacant
    - 3 more Police Corporal positions underfilled with trainees
- Vacancy rate - Current – 9% (High - 15%)

## Related Police Management Concerns

- Police Captain
  - One vacant for a year
  - One underfilled for a year with a retired annuitant
  - External recruitment was unsuccessful
- Police Lieutenant
  - All with less than two years experience
- Impact of proposed changes in side letter

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- October 19, 2019:
  - 2.5% across-the-board pay increase
  - New 7<sup>th</sup> step to the salary range of Police Officer, Police Corporal and Police Sergeant placed 5% above the current step 6
  - Advancement of each Sergeant by one step
  - Implementation of a City contribution to a Retiree Medical Trust plan established by the FPOA-PSU in the amount \$50.00 per pay period for the first two pay periods in each month
- July 11, 2020:
  - New 8<sup>th</sup> step to the salary range of Police Officer, Police Corporal and Police Sergeant placed 2.5% above the step 7

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- Funding source
  - 10 vacant Police Corporal positions defunded reducing the overall sworn staffing of the department from 150 to 140
  - 6 vacant or underfilled Police Corporal positions reclassified to Police Officer (three of these positions are underfilled with a Police Officer Trainee)
  - Cost neutral for 2019-2020
  - Provides \$487,000 of currently budgeted funds available to transfer to City IRS Section 115 trust fund for annualized impact to CalPERS liability for prior years service (total of \$5.3M amortized over 20 years)



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- Projected Cost and Impact of Proposed Side Letter Terms reviewed by LSL CPA firm and Bartel Associates actuarial firm
  - 2019-2020: \$27,680,064 (including \$487,000 for CalPERS annualized past service impact that will not be assessed during the fiscal year) - \$52 less than current
    - Recommended for approval is the transfer of \$487,000 to City IRS Section 115 trust fund for future CalPERS payments
  - 2020-2021: \$30,039,960 (including \$487,000 for CalPERS annualized past service impact that will not be assessed during the fiscal year) - \$572,370 greater than current, \$85,370 due during the fiscal year
    - Recommendation for funding options for the annualized \$487,000 impact will be included in the 2020-2021 budget

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<u>FULLERTON POLICE OFFICERS' ASSOCIATION</u> <u>POLICE SAFETY UNIT (POA)</u>	Current 2019/20	Current 2020/21	Proposed 2019/20	Variance to Current	Proposed 2020/21	Variance to Current
Term 2 years July 1, 2019 thru June 30, 2021						
Salary	1.0%	1.5%	2.5% across the board increase and add 7th step with 5% increase eff 10/5/19		Add 8th step with 2.5% increase	
Positions			Unfund (10) corporal positions and downgrade (6) corporal positions to police officer			
Retiree Medical Trust			Retiree Medical Trust fund contribution of \$100/mo per employee eff 10/5/19			
Employee Costs:						
Salaries	14,481,374	15,006,619	13,898,195	(583,179)	14,822,651	(183,968)
Vacation/Sick Leave Benefits	1,079,950	1,204,267	1,060,452	(19,498)	1,204,563	297
Holiday Leave Benefits*	561,358	582,177	546,825	(14,533)	575,320	(6,857)
Medicare	230,714	240,356	222,111	(8,603)	237,893	(2,462)
Retirement - Normal Cost	3,226,268	3,597,404	3,361,268	135,000	3,832,404	235,000
Retirement - Unfunded Liability	6,466,896	7,203,211	6,953,896	487,000	7,690,211	487,000
Health Insurance	1,633,557	1,633,557	1,518,517	(115,039)	1,518,517	(115,039)
Retiree Medical Trust	0	0	118,800	118,800	158,400	158,400
Total Employee Costs	27,680,116	29,467,590	27,680,064	(52)	30,039,960	572,370

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### Recommendations:

- ADOPT RESOLUTION NO. 2019-XX  
RESOLUTION NO. 2019-XX – A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, APPROVING THE SIDE LETTER AGREEMENT TO THE MEMORANDUM OF AGREEMENT BETWEEN THE CITY AND THE FULLERTON POLICE OFFICERS' ASSOCIATION – POLICE SAFETY UNIT
- APPROVE BUDGET TRANSFER OF \$487,000 FROM POLICE DEPARTMENT SALARIES AND BENEFITS INTO THE CITY'S IRS SECTION 115 TRUST FUND.