

Portland, Oregon
FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT
For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Anna Kanwit:JPG:ss		2. Telephone No. 3-4170	3. Bureau/Office/Dept. Human Resources
4a. To be filed (date): December 11, 2013	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to Commissioner's office and FPD Budget Analyst: December 3, 2013
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input type="checkbox"/> Public involvement section completed	

1) Legislation Title:

*Ratify a successor collective bargaining agreement between the City and the Portland Police Association relating to the terms and conditions of employment of represented employees in the Portland Police Association bargaining unit (Ordinance)

2) Purpose of the Proposed Legislation:

The purpose of this ordinance is to ratify a successor collective bargaining agreement between the City and the Portland Police Association (PPA) for the period of July 1, 2013 to June 30, 2017 (the 2013-2017 CBA).

3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?

- City-wide/Regional Northeast Northwest North
 Central Northeast Southeast Southwest East
 Central City
 Internal City Government Services

FINANCIAL IMPACT

4) Revenue: Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.

No.

5) Expense: What are the costs to the City related to this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years. If the action is related to a grant or contract please include the local contribution or match required. If there is a project estimate, please identify the *level of confidence*.)

In the first year of the contract (FY 2013-14), the COLA rate will be set at 50% of Portland-Salem CPI-W, and is estimated to cost about \$762,000. Other provisions of the new contract, including canine pay, sergeants out of class pay, shift differential and longevity pay are netted

out against elimination of deferred holiday payoff. Effective July 1st 2014, the COLA rate will be based at 100% CPI-W, with an annual adjustment ceiling of 5% and a minimum of 1%. The fiscal impact of subsequent COLAs (July 2014 and thereafter) would depend on increases in the CPI-W, with current analysis based on inflation forecast provided by the City Economist. By applying these forecast inflation rates through FY 2016-17, the average annual increase in COLA is estimated at \$2.2 million. The Wage and Compensation set aside for the General Fund includes the monies necessary to fund the CPI-W increase in wages and benefits. Certain costs associated with Health Care Benefits have also been set aside in the General Fund.

The overall net increases to the City above the wage and compensation set asides is estimated at \$19,000 over the four years of the contract. It is indeterminable to predict to what extent unused holiday compensatory time off balance will be cashed out, but under the unforeseen circumstances, where 100% of unused holiday compensatory time off balance is cashed out by December 31st 2013, the one-time payment for unused holiday compensatory time off balance may end up costing about \$1.5 million. Under this scenario, the overall net increases to the City above the wage and compensation set asides is estimated at \$1,527,000 over the four years of the contract, with most of the increase (\$1,510,000) taking place in FY 2013-14.

6) Staffing Requirements:

- **Will any positions be created, eliminated or re-classified in the current year as a result of this legislation?** *(If new positions are created please include whether they will be part-time, full-time, limited term, or permanent positions. If the position is limited term please indicate the end of the term.)*

No.

- **Will positions be created or eliminated in future years as a result of this legislation?**

No.

(Complete the following section only if an amendment to the budget is proposed.)

7) Change in Appropriations *(If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)*

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

[Proceed to Public Involvement Section — REQUIRED as of July 1, 2011]

PUBLIC INVOLVEMENT

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

- YES:** Please proceed to Question #9.
 NO: Please, explain why below; and proceed to Question #10.

The Agreement is related to internal City business.

9) If "YES," please answer the following questions:

a) What impacts are anticipated in the community from this proposed Council item?

b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?

c) How did public involvement shape the outcome of this Council item?

d) Who designed and implemented the public involvement related to this Council item?

e) Primary contact for more information on this public involvement process (name, title, phone, email):

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.


ANNA KANWIT, BUREAU OF HUMAN RESOURCES DIRECTOR



Office of Management and Finance

Jack D. Graham, Chief Administrative Officer

December 11, 2013

FOR MAYOR'S OFFICE USE ONLY

TO: Mayor Charlie Hales

Reviewed by Bureau Liaison _____

FROM: Anna Kanwit, Human Resources Director

RE: ORDINANCE TITLE *Ratify a successor collective bargaining agreement between the City and the Portland Police Association relating to the terms and conditions of employment of represented employees in the Portland Police Association bargaining unit (Ordinance)

1. **INTENDED THURSDAY FILING DATE:** December 12, 2013
2. **REQUESTED COUNCIL AGENDA DATE:** December 18, 2013 at 10:00 a.m. (Time Certain)
3. **CONTACT NAME & NUMBER:** Jerrell Gaddis, ext. 3-4170
4. **PLACE ON:** CONSENT REGULAR
5. **BUDGET IMPACT STATEMENT ATTACHED:** Yes No N/A
6. **ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY ATTACHED:** Yes No N/A Signature on backing sheet

7. BACKGROUND/ANALYSIS

The purpose of this ordinance is to ratify a successor collective bargaining agreement between the City and the Portland Police Association (PPA) for the period of July 1, 2013 to June 30, 2017 (the 2013-2017 CBA). The Tentative Agreement (Agreement) negotiated between the City and the PPA is attached hereto as Exhibit A and is incorporated herein by this reference.

As of the date this ordinance is submitted, the PPA ratified the Agreement by a 77 percent vote. If ratified by City Council, this Agreement will establish the terms and conditions of the 2013-2017 CBA for bargaining unit members of the PPA.

Highlights of the Agreement include the following:

- **Premium Pay for Officers with Restricted or Suspended Police Powers:** Effective on ratification, the City has the right to end premium pay for officers with restricted or suspended police powers. The City will comply with ORS 181.789(4) when ending premium pay for this reason.
- **Holiday Compensatory Hours:** Effective January 1, 2014, officers will be restricted from cashing out holiday compensatory hours.
- **Wages:** The Agreement continues to apply the principles of total compensation as the basis for bargaining all monetary subjects and ties general compensation to the Consumer Price Index (CPI). Upon ratification, salary rates for classifications in Schedule "A" are to be increased by fifty percent (.9%) of the annual increase in the Portland CPI-W, retroactive to August 29, 2013. Salary rates for Years Two through Four of the Agreement are to be increased by 100% of the annual increase in the

Portland CPI-W adjusted on July 1 each year. However, in no event shall the salary increase be less than one percent or greater than five percent.

186391

- **Wage Increase Premiums:** General wage increase premiums for certain specifically identified classifications have been improved and equalized under the Agreement. The wage increases will be phased in effective January 1, 2014 to facilitate planning and mitigate the cost impact. The wage increase premiums include the following:
 - a) **Hazard Pay/Canine Handler Pay:** Canine handlers will be added to the list of officers who are entitled to receive hazard premium pay of six percent. Canine handlers will now also receive kennel pay while on sick leave and leave of service, unless the canine handler is physically incapable of performing kennel time duties.
 - b) **Sergeant Patrol Premium Pay and Working out of Classification Pay:** Sergeants who work full-time in a uniformed assignment and who patrol or respond to calls will receive a sergeant premium pay of five percent. In addition, sergeants who work out of classification as an acting lieutenant will be paid overtime at the sergeant's overtime rate based on the sergeant's regular salary plus 8.25 percent.
 - c) **Shift Differential Pay:** Officers assigned to and working the Night Shift shall receive an increase in shift differential premium from two percent to four percent for all hours worked and officers assigned to and working the Afternoon Shift shall receive a shift differential premium increase from one percent to two percent for all hours worked
 - d) **Longevity Pay:** Upon completion of their 15th year of service, officers shall receive an increase in longevity pay from two percent to three percent, an increase from four percent to five percent upon completion of their 20th year of service, and an increase from six percent to seven percent upon completion of 25 years of service.

8. FINANCIAL IMPACT

In the first year of the contract (FY 2013-14), the COLA rate will be set at 50% of Portland-Salem CPI-W, and is estimated to cost about \$762,000. Other provisions of the new contract, including canine pay, sergeants out of class pay, shift differential and longevity pay are netted out against elimination of deferred holiday payoff. Effective July 1st 2014, the COLA rate will be based at 100% CPI-W, with an annual adjustment ceiling of 5% and a minimum of 1%. The fiscal impact of subsequent COLAs (July 2014 and thereafter) would depend on increases in the CPI-W, with current analysis based on inflation forecast provided by the City Economist. By applying these forecast inflation rates through FY 2016-17, the average annual increase in COLA is estimated at \$2.2 million. The Wage and Compensation set aside for the General Fund includes the monies necessary to fund the CPI-W increase in wages and benefits. Certain costs associated with Health Care Benefits have also been set aside in the General Fund.

The overall net increases to the City above the wage and compensation set asides is estimated at \$19,000 over the four years of the contract. It is indeterminable to predict to what extent unused holiday compensatory time off balance will be cashed out, but under the unforeseen circumstances, where 100% of unused holiday compensatory time off balance is cashed out by December 31st 2013, the one-time payment for unused holiday compensatory time off balance may end up costing about \$1.5 million. Under this scenario, the overall net increases to the City above the wage and compensation set asides is estimated at \$1,527,000 over the four years of the contract, with most of the increase (\$1,510,000) taking place in FY 2013-14.

9. RECOMMENDATION/ACTION REQUESTED

186391

I recommend that the Mayor and City Council approve this ordinance.

PPA contract summary

1. Part of Global Settlement with DOJ, including PPA withdrawal of DOJ grievance
2. Cost-neutral contract
3. Agreement on Performance evaluations
4. 50% of Cost of Living increase in recognition of City Budget shortfall in FY 2013-2014 (0.9% COLA)
5. COLA increase delayed to August 29, 2013
6. Holiday comp payout eliminated
7. Drug testing: over the counter supplement issue resolved
8. Settled 11 grievances
9. Sergeant premium, dog handler premium, based on workload and hazardous duty respectively
10. Increases to shift differential and longevity pay