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PERB CASE NO. SA-IM-194-M
FACTFINDER CASE NO. 19-11-32FF

FACTFINDING PROCEEDINGS PURSUANT TO
THE MEYERS-MILIAS-BROWN ACT

CITY OF TULARE

and

TULARE POLICE OFFICERS UNION

Issue: Impasse in 2018-19 Successor Contract Negotiations

NEUTRAL FACTFINDER
PANEL CHAIR
RECOMMENDATIONS

FACTFINDING REPORT
March 23, 2020

FACTFINDING PANEL

Factfinder for the Union:

VINCE MEDINA
Police Officer
Tulare Police Officers
Union

Factfinder for the Employer:

JOSH MCDONNELL
Deputy City Manager
City of Tulare

Neutral Factfinder Panel Chair:

RENÉE MAYNE
Arbitrator, Mediator

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INTRODUCTION

This factfinding arose due to an impasse in collective bargaining under the State of California Meyers-Milias-Brown Act (MMBA) Government Code section 3505.4 between the City of Tulare (City, Employer) and the Tulare Police Officers Union (TPOU, Union).

Under the procedures of the California Public Employment Relations Board (PERB), Renée Mayne was appointed by the parties to serve as the Neutral Factfinder Panel Chair. Josh McDonnell was appointed by the City as the Panel Member to represent the Employer, and Vince Medina was appointed by TPOU as the Panel Member to represent the Union.

(PERB letter November 6, 2019)

The parties agreed all procedural requirements of the impasse had been met, and the dispute was properly before the Factfinding Panel to issue their recommendations to resolve the impasse. The factfinding hearing convened on February 3, 2020, at Tulare City Hall, 411 East Kern Avenue, Tulare, California. The witness for the City was Darlene Thompson, City Treasurer and Finance Director. The witnesses for the Union were Timothy F. Reilly, Certified Public Accountant, and Damian Stafford, Labor Relations Representative. The parties had full opportunity to present and submit relevant exhibits and evidence and to discuss and argue the issues in dispute. The counsel for the parties submitted their post-hearing briefs to the Factfinder Panel on February 24, 2020. The factfinding record was closed after the briefs were received, and the dispute was submitted to the Factfinding Panel for their recommendations.

ISSUES AT IMPASSE

Article X. Salary
Article XIV. Term
Article XV.B. Standard Work Period
Article XV.F. Overtime Compensation
Article XV.L. Education Incentives
Article XV.M. Tuition Reimbursement
Article XV. Q. Investigation Assignment

Article XV. Q. New: SWAT Assignment
Article XV.S. Bilingual Pay
Article XV.V. Salary Increases
Article XV. New: Longevity Pay
Article XVI.D. Annual Leave Buyback
Article XXI.P. Personal Days Off
Article XX.II.C. Long Term Disability

(Union Ex. Impasse Docs)

GOVERNING STATUTE

The MMBA Government Code section 3505.4(d) sets forth the criteria to be used in the factfinding process.

In arriving at their findings and recommendations, the factfinders shall consider, weigh, and be guided by all the following criteria:

- (1) State and federal laws that are applicable to the employer.
- (2) Local rules, regulations or ordinances.
- (3) Stipulations of the parties.
- (4) The interests and welfare of the public and the financial ability of the public agency.
- (5) Comparison of the wages, hours, and conditions of employment of the employees involved in the factfinding proceeding with the wages, hours, and conditions of employment of other employees performing similar services in comparable public agencies.
- (6) The consumer price index for goods and services, commonly known as the cost of living.
- (7) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays, and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.
- (8) Any other facts, not confined to those specified in paragraphs (1) to (7), inclusive, which are normally or traditionally taken into consideration in making the findings and recommendations.

SUMMARY OF FACTS

The City of Tulare is located in the heart of the Central Valley of California. The City and the Tulare Police Officers Union had been in negotiations for a successor agreement since May 2018. The last Memorandum of Understanding (MOU) between the parties, which expired on June 30, 2018, was the outcome of a contentious negotiation that led to impasse and factfinding. The Union said that in the current round of negotiations, it had to file a writ of mandate to compel the City to negotiate. The parties held a total of 23 negotiation meetings from May 24, 2018 to May 7, 2019, before submitting the dispute to factfinding. The City has 58 police officer and police corporal positions. (Union Brief)

The parties are at an impasse over the terms and conditions of employment for the City's police officers and corporals in 14 articles in the MOU. The Union's last salary offer was an increase of 5% effective July 1 in 2018, 2019, and 2020. The other issues at impasse include shift selection and assignments, SWAT pay, investigation pay, higher education and professional certification incentives, overtime compensatory pay, longevity pay, bilingual pay, and a total compensation study prior to the expiration of the next MOU. (Union Ex. TPOU Proposals)

The City said its last proposal was a 2% salary increase effective July 1 in 2018 and 2019. The City's Finance Director, Darlene Thompson, testified at the factfinding hearing that Tulare had a budget deficit and therefore did not have the budget to pay for the officers' demands, which were for comparable salary and benefits within the regional labor market. Thompson said the City had to budget for increased CalPERS pension contributions. She provided a chart which showed the City's share of the pension costs was to rise for the City's law enforcement officers, including police management, from 18.9% in 2019-20 to 20.6% in 2020-21. Additionally, the City had to pay CalPERS its unfunded pension liability. The formula for the payback was scheduled to change from a 30-year to a 20-year amortization schedule beginning in 2022-23. (Employer Exs. 9, 10)

The Union's economic proposals were based upon the total compensation study that Damian Stafford, Labor Relations Representative for the Union, had researched and prepared. Stafford testified at the hearing as to his survey methodology. He said he used the eight comparator cities contained in the MOU: Hanford, Porterville, Visalia, Tracy, Madera, Manteca, Turlock, and Merced, and he also added the city of Dinuba (Union Exs. MOU, Total Comp Survey p.2).

The City had not conducted its own compensation study. However, the City objected to the Union adding Dinuba to the study. Stafford testified that he included Dinuba because of its proximity to Tulare: 36 miles. Yet, even without Dinuba, the study showed that the officers' salaries were 25% below the average.

The Union's compensation study figures were defined by adding officer salaries and special pays and the employer's contributions to all insurance and retirements benefits. Their methodology deducted from this sum an officer's contribution to retirement benefits.

The study showed that an officer with five years of experience was 25% below the salary survey average and 22% behind the median of the surveyed cities. Tulare officers ranked 9th out of 10 when it was included with the nine survey cities. The City did not dispute the integrity of the Union's survey outside of the use of Dinuba. (Union Ex. Total Comp Survey)

Below is a chart summarizing the Union's compensation study's findings:

| Comparison of Regional Average Monthly Police Salaries | | | | | |
|--|---------|----------|----------|----------|----------|
| Years of Service | 5 years | 10 years | 15 years | 20 years | 25 years |
| <i>Survey Average</i> | \$8,122 | \$8,644 | \$8,694 | \$8,762 | \$8,762 |
| Tulare Police Officers | \$6,491 | \$6,813 | \$6,813 | \$6,813 | \$6,813 |
| Percent Difference | 25% | 27% | 28% | 29% | 29% |
| <i>Survey Median</i> | \$7,913 | \$8,305 | \$8,305 | \$8,305 | \$8,305 |
| Tulare Police Officers | \$6,491 | \$6,813 | \$6,813 | \$6,813 | \$6,813 |
| Percent Difference | 22% | 22% | 22% | 22% | 22% |

(Source: Union Ex. Total Comp Survey pp.4-16)

The Union's expert witness, Timothy F. Reilly, CPA, refuted the City's projected budget deficit. With his report dated December 18, 2019, he testified at the factfinding hearing that the City's revenues exceeded the adopted budget in four of five fiscal years, from 2014 through 2018. Further, the City's expenditures were under budget in all five years. While the City had forecast three deficits in the 2014 to 2018 budgets, the ending balances showed four surpluses, with one deficit in fiscal year 2017-18. During the period of Reilly's report, in his opinion, the City's total fund balance increased 203.8%, an increase of \$37.4 million, and the General Fund balance more than doubled. (Union Ex. Financial Summary pp. 55-57; 88)

Timothy Reilly added that according to the California State Auditor's Local Government Risk Rating, the City of Tulare was rated as a "moderate risk" in regard to various financial indicators. The State Auditor had evaluated all California cities for their risk level based upon 2016-17 audited financial statements and generally accepted accounting principles. Each City's cash position/liquidity, debt burden, financial reserves, revenue trends and financial obligations were evaluated. Fifty percent of California cities were found to be in the moderate risk pool. Reilly concluded that the City of Tulare's General Fund was healthy. (California State Auditor)

Darlene Thompson disputed Reilly's use of the City's Comprehensive Audited Financial Reports to analyze Tulare's financial health. She held that the Union's financial expert should have used the City's budgets in the aforementioned fiscal years. The City maintained that its budgets are a clear indicator of the funds available for employee salary increases and that Reilly misrepresented the City's fiscal health. The City did not submit their entire budgets into the factfinding record. However, Thompson pointed to a page from each of the budgets in 2017-18, 2018-19, and 2019-20, to prove the City's ending balances. (Employer Exs. 6-8; City Brief)

Thompson testified that the cost of the Union's proposals was \$1 million but she did not describe her methodology as to how she arrived at this figure. Thompson also did not explain why the City could not afford any of the Union's proposals. She provided a chart that showed other City employees received 2% salary increases in 2018 and 2019 and that it was reasonable to offer the same to the officers. Further, Thompson said that to retain jobs during a recession, the City Council established a policy to maintain a 25% General Fund reserve for the operations of the entire city. (Employer Exs. 9, 10)

The Union said the City's Police Department had experienced significant turnover due to its low salaries. Beginning in 2017, the department had separated 11 officers. Then the City hired 14 officers. But thereafter, 11 more officers left the City of Tulare for other police agencies.

Summary of Facts

The Union declared impasse on May 2, 2019, and thereafter filed for factfinding with PERB. Below is the Union's proposed contract language for the issues at impasse between the City and TPOU. The bolded text is the Union's emphasis for new contract language and the struck text indicates the language that is proposed for deletion.

ISSUES AT IMPASSE

ARTICLE X. SALARY

Police Officers assigned traffic duties in the Traffic Division shall receive a five (5%) percent salary differential. Said salary differential shall commence upon assignment and shall terminate when the individual is no longer assigned traffic duties in the Traffic Division. **This pay is to require officers, corporals and sergeants to carry and answer their department issued cellular phones while off duty.**

The parties agree to use the cities of Hanford, Porterville, Visalia, Tracy, Madera, Manteca, Turlock, and Merced for total compensation comparisons. It is further agreed to use the same categories which were surveyed in the 1995 compensation study. **No later than sixty (60) days prior to the expiration of the current Memorandum of Understanding, the City shall complete a total compensation survey using data from the aforementioned comparable cities for the year the current Memorandum of Understanding expires. The City shall increase the salaries of all POU members to a level equivalent to fourth position from the top on the total compensation survey. However, in no event shall the salary increase for all POU members be less than five percent (5%) each year of the Memorandum of Understanding. All salary increases shall be made no later than the first pay period of July each year of the Memorandum of Understanding. The first salary increases shall be retroactive to July 1, 2018.**

ARTICLE XIV. TERM

The provisions of the Memorandum of Understanding shall continue through and include **June 30, 2021**. The parties agree to reopen the meet and confer process for further discussion on or after **March 1, 2021**.

ARTICLE XV. SECTION B. STANDARD WORK PERIOD

The standard work period for sworn police officers shall be as follows: [no change to first paragraph]

Sworn Patrol Officers and Police Corporals in patrol may sign-up for work shifts based on the seniority of the Officer/Corporal.

Every twelve (12) months, all work assignment positions assigned to patrol shall be declared open for the purpose of bidding by Sworn Patrol Officers and Police

Corporals according to date of hire as a Police Officer, or in the case of Corporal, the date of promotion, for the shift assignment, and days off and on. For the purpose of bidding, Corporals will precede Officers.

Personnel assigned to patrol who are on injury or other absence status seven days prior to bidding will not be allowed to participate.

At the time of bidding, the number of shifts available for Officer and Corporal bid shall be equal to the number of member positions allocated to patrol. Personnel assigned to patrol who are on injury or other absence status shall not sign up for a patrol shift. Upon return of a member to patrol duty status, the member will make a shift selection.

Nothing in the preceding sub-sections precludes moving probationary employees pursuant to paragraph (10), below.

Assignments as a result of the bidding process will begin on the first day of the first pay period following January 1st of each year. During the 12-month assignment cycle, if a hardship exists, a special request for a change in shift can be submitted. A member may submit one request during a twelve (12) month assignment cycle. The request will be considered based on the needs of the department. A response will be issued to the member within thirty (30) calendar days. Barring a training need, approved requests may be honored once a vacant position that addresses the hardship becomes available.

Probationary Police Officers, Sergeants or Recruits may not be permitted to bid for positions but may instead be assigned to a shift.

Police management reserves the right to designate specific detail numbers for probationary Officers and Recruits to prevent the concentration of probationary personnel on any given shift in a given district.

ARTICLE XV. SECTION F. OVERTIME COMPENSATION [no changes to paragraphs 1 through 3]

4. Employees may buy back up to forty (40) hours of unused accrued compensatory time per year.

ARTICLE XV. SECTION L. EDUCATION INCENTIVES

Upon ratification, (effective the next immediate pay period) All regular (non- probationary) employees shall be entitled to receive education/certificate pay in the amount set forth below. The maximum amount that any employee shall be eligible is **seven and one-half percent (7.5%)** five percent (5%). **This incentive is stackable with all other compensation incentives available to employees and is pensionable.**

1. A payment of one and one-half percent (1.5%) of the Police Officer's monthly salary per month shall be granted with the completion of thirty (30) units of acceptable college credit (twenty (20) units in Police Science) and two (2) years of police service or an Intermediate POST Certificate.

2. A payment of two and one-half percent (2.5%) of the Police Officer's monthly salary per month shall be granted with **either** the completion of sixty (60) units acceptable college credit (twenty (20) units in Police Science) and three (3) years of police service, **or for** an Advance **Intermediate** POST Certificate.

3. A payment of five percent (5.0%) of the Police Officer's monthly salary per month shall be granted **either** for a Bachelor's Degree in Public Administration, Criminal Justice Administration, Business Management or related field with twenty (20) units in Police Science and four (4) years of police service, **or for an Advanced POST Certificate.**

4. A payment of seven and one-half percent (7.5%) of the Police Officer's monthly salary per month shall be granted for a Master's Degree in Public Administration, Criminal Justice Administration, Business Management or related field with twenty (20) units in Police Science and five (5) years of police service.

The employee must provide validated evidence of education completed to the Human Resources Director prior to the granting of respective education incentive payments.

ARTICLE XV. SECTION M. TUITION REIMBURSEMENT

Regular city employees, **regardless of rank within the Department**, are eligible to receive tuition reimbursement for educational purposes—including **associate's, bachelor's and master's degree programs**—which tend to improve their ability to accomplish their city jobs, such reimbursement shall be subject to administrative rules and procedures established by the Personnel Department. A maximum of two thousand five hundred dollars (\$2,500) per fiscal year per employee shall be reimbursed for tuition reimbursement.

ARTICLE XV. SECTION Q. INVESTIGATION ASSIGNMENT

Police Officers assigned investigative duties in the Investigations Division shall receive a five percent (5.0%) salary differential. Said salary differential shall commence upon assignment and shall terminate when the individual is no longer assigned investigative duties in the Investigations Division. **This pay is to require officers, corporals and sergeants to carry and answer their department issued cellular phones while off duty.**

ARTICLE XV. Q. INVESTIGATION AND SWAT ASSIGNMENT

Police Officers assigned investigative duties in the Investigations Division **or SWAT** shall receive a five percent (5.0%) salary differential. Said salary differential shall commence upon assignment and shall terminate when the individual is no longer assigned investigative duties in the Investigations Division **or SWAT**. **This salary differential is to compensate Investigators and SWAT officers who are required to carry their department cellular phones while off duty and respond to calls for service. This incentive is stackable with all other compensation incentives available to employees and is pensionable.**

ARTICLE XV. S. BILINGUAL PAY

Sworn public safety personnel, in the Police Department shall receive an incentive bonus of two **five** percent (2 **5**%) incentive bonus for certification as being bilingual in accordance with standards established by the Human Resources Director insuring that the said employee is competent and proficient in the language certified. A re-certification shall occur every three (3) years. An employee not passing the re-certification shall not continue to receive the incentive bonus.”

ARTICLE XV. SECTION V. SALARY INCREASES

Five percent (5.0%) salary increase retroactive to July 1, 2018, and continuing through June 30, 2019;

Five percent (5.0%) salary increase beginning July 1, 2019, and continuing through June 30, 2020;

Five percent (5.0%) salary increase beginning July 1, 2020, and continuing through June 30, 2021.

ARTICLE XV: NEW SECTION. LONGEVITY PAY

All regular (non-probationary) employees shall be entitled to receive longevity pay in the amount set forth below. The maximum amount that any employee shall be eligible is five percent (5.0%). This incentive is stackable with all other compensation incentives available to employees and is pensionable.

1. A payment of two and one-half percent (2.5%) of the Police Officer’s monthly salary per month shall be granted with the completion of ten (10) years of total service time with the City of Tulare.

2. A payment of five percent (5.0%) of the Police Officer’s monthly salary per month shall be granted with the completion of fifteen (15) years of total service time with the City of Tulare.

ARTICLE XVI. SECTION D. ACCUMULATION OF ANNUAL VACATION LEAVE AND BUYBACK

Employees may carry over a maximum accumulation of one year's annual vacation leave, for a maximum credit of two (2) years annual leave. If vacation is denied due to a city related emergency, such vacation may be carried over into the following year, if necessary. **Employees may buy back up to forty (40) hours of unused accrued vacation time per year.**

ARTICLE XXI. SECTION P. PERSONAL DAYS OFF

Employees in this Union will be afforded one (1) **four (4)** personal days (**each day** equaling eight (8) hours or twelve (12) hours depending on the employee's shift assignment at time granted). This one (1) **These four (4)** personal leave days will be granted beginning with the first full pay period of each fiscal year thereafter. This **These** personal leave days will be placed in a separate leave bank and must be used in its entirety prior to the last full pay period of each fiscal year. An exception will be granted for the time earned at ratification and the first fiscal year until the last pay period in June of 2018 (ending on June 22, 2018). If the leave hours earned remain in this bank

at that time, additional hours granted in the first full pay period of the new fiscal year will only accumulate to a maximum equivalent of one (1) **four (4)** days. This personal leave **bank** has no cash value.

ARTICLE XXII. SECTION C. LONG TERM DISABILITY

For non-management sworn Police personnel, the city shall contribute up to \$17.13 **\$24.50** per month to a long term disability plan (in lieu of a one per cent salary increase for the 1982/83 fiscal year).

POSITION OF THE UNION

The Union maintained that the Tulare police officers' total compensation is below the regional labor market. The five-year officer is earning 25% below the average and 22% below the median. The City has never said it cannot afford to pay regionally competitive salaries.

POSITION OF THE EMPLOYER

The City's budget does not include the funding for the police officers' demands. All other City employees received 2% salary increases, and the police officers were the offered the same.

NEUTRAL FACTFINDER PANEL CHAIR DISCUSSION

It is understandable that the City of Tulare was concerned about rising pension costs and a potential economic recession. However, while the cost of Tulare's police services is a public policy and budget discussion with the City Council, the Finance Director did not present sufficient information during the factfinding hearing to support the City's purported financial concerns.

The City provided a page from three budget years with ending balances. This information was insufficient to demonstrate why the City could not pay for any of the Union's proposals, which were intended to recruit and retain a qualified police force. For example, the 2018-19 city-wide and police department budgets were not submitted into the factfinding record. The limited financial information that the City provided did not impugn the testimony of the Union's financial expert, Timothy Reilly. He said the City's revenues exceeded the adopted budgets in 2014 through 2018. Further, the City's expenditures were under budget in all five years. While the City had forecast three yearly deficits in the 2014 to 2018 budgets, the ending balances showed four surpluses, with one deficit in fiscal year 2017-18. During the period of Reilly's report, the City's fund balance increased 204.8%, an increase of \$37.4 million, and the General Fund balance more than doubled.


The City did not dispute the Union's testimony that since 2017, 11 Tulare officers had been separated, 14 more hired, and then 11 officers left for other police agencies. The most recent attrition represents 19% of the 58 budgeted police officers and corporals in the City police force. Moreover, there is a growing shortage of police officers in California. Not enough qualified recruits are entering the field to fill the assignments of those who retired or left for another police agency. Regardless of why they departed, it would be very difficult for a police agency to replace a sizeable number of its officers with new recruits, and a steep challenge to hire lateral officers. Therefore, competitive salaries are necessary to maintain effective police services. Once an organization crosses the threshold to very low levels of policing, it affects the public safety of their community. Based upon the foregoing, the Union proposal is recommended to the City Council.

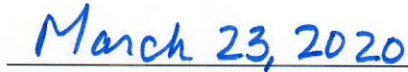
NEUTRAL FACTFINDER PANEL CHAIR RECOMMENDATIONS

The Neutral Factfinder Panel Chair recommends the Union's last, best and final offer to resolve this dispute and reduce the high turnover of police officers.

In accordance with Government Code sections 3505.4(d)(4)(5)(7), the Neutral Factfinder Panel Chair makes this recommendation to the parties based upon the following statutory criteria:

- (4) The interests and welfare of the public and the financial ability of the public agency.
- (5) Comparison of the wages, hours, and conditions of employment of the employees involved in the factfinding proceeding with the wages, hours, and conditions of employment of other employees performing similar services in comparable public agencies.
- (7) The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays, and other excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.


RENÉE MAYNE
Neutral Factfinder Panel Chair


Date

Factfinder for the Union

Vince Medina, Police Officer and Panel Member for the Tulare Police Officers Union, provided the Union's concurrence with the recommendations contained in this factfinding report in the attached letter.

Attorney for the Employer:

Mario U. Zamora, Attorney for the City of Tulare, provided the City's dissent with the recommendations contained in this factfinding report in the attached letter.



Tulare Police Officers Union

March 19, 2020

**Concurrence of Vince Medina, Tulare Police Officers' Union Representative and
Factfinding Panelist, in the MMBA Factfining Proceedings of
*City of Tulare & Tulare Police Officer Union, Case No. SA-IM-194-M***

As the Union Representative of the Factfinding Panel, I respectfully concur with the Recommendations of the Neutral Factfinder Panel Chair Renee Mayne.

Specifically, the City's conduct throughout negotiations for a successor memorandum of understanding (MOU) were deplorable to the point that the Union was required to file a civil lawsuit to force the City to commence negotiations. The City's bad conduct for this successor MOU was identical to its bad behavior three years ago, when once again the Union was forced to take the matter to factfinding. The City has never denied its bad behavior.

The City reports that it wants a solid, well equipped and trained police force. Moreover, the citizens of the City of Tulare deserve nothing less. However, the City refuses to bargain with the Union to ensure that it will maintain a sound police force.

The City never claimed during the months of negotiations that it was financially unable to meet the requests of the Union; that argument was raised for the first time during factfinding. The trust remains: the City is financially able to meet the requests of the Union, it simply refuses to do so.

Therefore, I concur with Neutral Factfinder Panel Chair Mayne's recommendations that the City Council adopt the Union's last, best and final offer to resolve this dispute and reduce the high turnover of police officers based on the evidence presented during the factfinding hearing and Government Code sections 3505.4(d)(4), (5) and (7).

Sincerely,

A handwritten signature in blue ink, appearing to read "Vince Medina".

Vince Medina
Tulare Police Officers Union Representative and
Factfinding Panelist

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March 23, 2020

VIA ELECTRONIC MAIL ONLY

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Fact Finding Panel
c/o Ms. Renee Mayne

Re: City of Tulare's Dissent re Panel Findings for Tulare Police Officers Union

Dear Panel:

The City has appreciated Ms. Mayne, the entire panel, and the TPOU's efforts to find common ground during this process.

In the eyes of the City, the members of the TPOU are extremely valuable and essential to the City and its residents. All of the employees of the City are extremely dedicated and professional. We all recognize that the members of the TPOU are an invaluable part of what makes Tulare great. These are facts that are not in dispute.

What is in dispute is how the City can afford to pay the members what is being requested, and what is recommended by the fact finding panel. Unfortunately, the panel based their recommendation on the financial health of the City which was based upon the City's Comprehensive Annual Financial Report ("CAFR"). While the financial report is extensive and accurate, the panel's conclusion that the City can therefore afford what the TPOU is not consistent with the City's actual financial constraints, specifically with regard to non-restricted revenues and fund balances.

The issue arises because while the overall financial condition of the City may have improved, improvement alone does mean the City can increase spending beyond its means. New streets, sewer lines, water lines, water treatment systems, computers, etc. all increase the City's financial position - however, none of those can be sold to write paychecks to have the cash to provide the requested raises.

Some may argue that the City should simply spend less on other items - but in many cases, the spending is not within City control and doing so would not free up funds in order to provide cash for salary increases. For example, many grants have conditions that limit or entirely prohibit staff salaries from being paid through those funds.

The City recognizes the TPOU deserves a salary increase. The City also recognizes that all of our employees deserve to be compensated fairly. The real question is how to accomplish that goal within the City's means and the given economic conditions.

It was already anticipated that CALPers increases to the City would result in millions of City taxpayer dollars having to be sent to CALPers, further straining cash flow beginning in the fiscal year which starts 2021. That was prior to the Covid19 Pandemic and the Governor's Order to close down all non-essential services. When businesses are shut down locally, it reduces the sales tax the City will receive, further limiting available cash. When the national economy slows down, it means more of the CALPers burden will fall on the City to cover insufficient investment returns. In fact, it was widely report on March 22 that CALPers had lost \$69 billion in the most recent one-month period. Today, the Dow Jones Industrial Average has lost nearly 10,000 points - nearly 4 years worth of gains in a two week period. It is clear today that the City will be impacted by both of those events.

The City's position is, and always has been, not that raises requested by the TPOU are not deserved, but rather, "How can the City can afford them?" The answer is, "The City cannot afford them at this time."

Sincerely,

GRISWOLD, LaSALLE, COBB,
DOWD & GIN, LLP

By: _____



MARIO U. ZAMORA

MUZ/kg