

City of El Segundo and El Segundo Peace Officers Association

PERB Case No. LA-IM-308-M

Factfinding Report and Recommendations

Procedural Background

The El Segundo Police Officers Association is the certified bargaining agent for a bargaining unit of Police Officers in the City of El Segundo. In September 2021 they began negotiations for a successor agreement, with an initial proposal on September 23, 2021.

That proposal was for a two year agreement from October 1, 2021 to September 30, 2023, with cost of living increases. The City responded with an initial proposal of two years from October 2021 to June 30, 2024.

The City proposal also contained a 1% per year salary increase each July, and improvements in the optical, dental, and life insurance programs. The proposal also suggested a joint labor/management Committee regarding "Commitment to Highest Standards of Policing".

Finally, the City Proposal included a new item, binding arbitration of two issues. First, substituting a hearing officer instead of the LA County Civil Service Commission for resolution of disciplinary cases. Second, a new agreement to use mandatory arbitration of civil claims.

After three more bargaining sessions, in December 2021, the POA sent the City a revised proposal with a shortened term of nine months, from October 2021 thru June 30, 2022.

On January 19, 2021, the parties met again, with the City proposing two options for moving forward. First, as Option 1 the City offered a term of October 1, 2021 to June 30, 2020. However that option offered no increases, instead substituting negotiations for a full successor agreement.

The City's Option 2 proposed a two year term from October 1, 2021 thru June 30, 2024. Included in this offer were 3% wage increases effective July 2022 and July 2023 (or the first date after the Council ratified the agreement). This offer also included improvements in the areas of dental, life insurance, and medical.

In response, the POA issued a Last Best Final Offer on February 9, 2022. That offer was for a shortened term of 9 months from October 1, 2021 through June 30, 2022, with a 3% across the board salary increase retroactive to October 1, 2021. It also proposed increases in HERO pay, health & welfare, and some education incentives.

It also agreed to the City's proposal of using a hearing officer instead of the LA County Civil Service Commission for discipline cases. However, the Union rejected the portion of the City's offer regarding binding arbitration of civil claims. It was also at this time that the POA declared Impasse.

Finally, the parties met on 2/22/22 to see if the impasse could be resolved, but the meeting ended with no resolution.

Factfinding

The request for sending the matter to a factfinding panel went to PERB, and they ultimately approved the request as PERB Case No. LA-IM-308-M. The parties jointly selected Tony Butka as Factfinding Chair, with Jay Trinnaman as Panel member for the City, and Jacob Kalinski as Panel member for the POA.

The factfinding hearing was scheduled on June 20, 2022, at the City Hall Chambers in El Segundo, starting at 10 am. All parties were afforded full opportunity to present evidence and argument, with each party providing binders and video presentations.

The hearing concluded at approximately 2 pm, with the factfinding Chair agreeing to provide a draft report to the panel members, their input thereafter, and to be followed by a final report and recommendations.

Criteria

Pursuant to Government Code 3505.4, there are eight (8) criteria to be considered by the Panel in arriving at findings and recommendations.

- (1) State & Federal Laws
- (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) Comparisons of the wages, hours, and conditions of employment for 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, vacation, 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.

Discussion

Both the City and the POA articulated their positions through written, oral, and video submissions, and both did an excellent job.

One factor which seems relevant to this case is that public safety departments (Fire and Police) represent over 50% of the City's annual budget. There is no agreement between the Firefighters and the City, and their bargaining impasse is not before us. Still, the fiscal importance of safety employees is clearly significant to the economic state of the City.

Based on this reality, any recommendations for the POA Unit have a major impact in terms of the City's overall budget. Also, time is of the essence in resolving this impasse, since (a) the term is compressed to 9 months, with the June 22 end date already behind us, and (b) the parties may already in negotiations for a successor agreement.

While the City does not claim an inability to pay, it is clear that they do have budget issues, even as one City Manager leaves and a new City Manager steps in. In addition to that challenge, there are also a number of budget uncertainties, such as the Top Range Golf course potential revenues.

There does not seem to be any pattern of bargaining introduced during the hearing, and there is a very wide spread in the bargaining agreements and the status of negotiations from entity to entity.

At hearing, one issue stood out to the Chair. Over the last year or so, increases in the cost of living have been very high, and that trend seems to be continuing on an upward path. The POA addressed the issue in Exhibit 16, a document from the US Bureau of Labor Statistics.

The information was effective May 2022 for the Los Angeles Area, and tracked the year over year increase in the Consumer Price Index as 8.0%. That's a very high number, and I think it makes many of the traditional MMBA criteria less relevant than they would usually be for this proceeding.

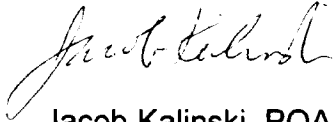
Recommendations

While it would be unrealistic to expect the City of El Segundo to provide such a budget busting raise, it is surely enough to argue for the higher end of normal wage increases. Considering all factors, I find that a 3% across the board wage increase is warranted based on the data.

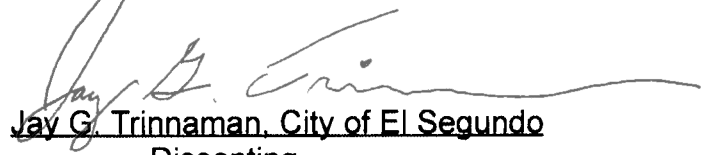
Also, I recommend an increase in the area of Health Benefits. A part of the POA's last, best & final offer dated 2-9-22 (Union Exhibit 9), calls for "beginning January 2022, the City's monthly contribution towards employees' medical insurance premiums shall increase by \$100 at each level". I recommend the adoption of that proposal.

Tony Butka July 17, 2022.

Tony Butka, Factfinding Chair



Jacob Kalinski, POA
Concurring



Jay G. Trinnaman, City of El Segundo
Dissenting

DISSENT TO FACT FINDING PANEL'S REPORT AND RECOMMENDATION

In the Matter of Impasse

CITY OF EL SEGUNDO,

Employer,

and

EL SEGUNDO POLICE OFFICERS'
ASSOCIATION,

Association.

Case No. PERB Case No. LA-IM-308-M

CITY PANEL MEMBER DISSENT IN
PART, AND CONCURRENCE IN PART

As the City of El Segundo's ("City") representative to the Fact Finding Panel, the City respectfully concurs in part with, and dissents from, the Recommendation of the Fact Finding Report issued by Impartial Chair Tony Butka.

The Fact Finding Report includes findings and recommendations for each of the issues on which the parties remain at impasse. The City concurs with the Report with respect to the following issues:

- Term;
- HERO Pay;
- Optical, Dental, and Life Insurance.

I dissent from the Recommendations of the Fact Finding Panel on the remaining issues for the following reasons.

1. 3% Across-the-Board Wage Increase

The Fact Finding Report recommends that a "3% across the board wage increase is warranted based on the data."

I cannot agree with this recommendation, given that the recommended 3% across-the-board wage increase relies solely on the May 2022 Consumer Price Index of 8% for the Los Angeles Area. In fact, the recommendation acknowledges that it "would be unrealistic to expect

the City of El Segundo to provide such a budget busting raise.” This sole reliance on the Consumer Price Index ignores the other seven criteria that must be considered by the panel under CA Gov. Code § 3505.4. Curiously, the recommendation acknowledged that “public safety departments (Fire and Police) represent over 50% of the City’s annual budget” and that “any recommendations for the POA Unit have a major impact in terms of the City’s overall budget,” yet proceeded to recommend a 3% general wage increase despite its negative “impacts on the interests and welfare of the public and the financial ability of the public agency,” the fourth criteria to be considered by the Panel under Govt. Code § 3505.4.

Additionally, the recommendation failed to weigh the significance of the ESPOA’s comparison to other agencies, yet another criteria that must be considered by the Panel under Govt. Code § 3505.4. The City’s Salary Survey showed that as of November 2021, all of the classifications represented by the ESPOA are above market. Specifically, the City’s Salary Survey showed that Police Officers were 8.3% above the median wages and 1.58% above the median total compensation, while Police Sergeants were 11.79% above the median wages and 3.21% above the median total compensation.

In addition, I cannot concur with this recommendation, given the impact the proposed general wage increase would have on the City’s budgetary situation. The recommendation failed to take into consideration that the City’s 21-22 adopted budget was only balanced because the City froze hiring in 45 positions in the last two fiscal years. The budget information presented by the City demonstrates that its fiscal year 2021-2022 budget was balanced by way of unsustainable vacancies and program cuts, along with one-time CARES Act funding. Any economic increases that drive personnel costs higher will impact the City’s ability to maintain current services and return the City to its previous staffing levels.

Finally, I dissent from the Fact Finding Report recommendation as it did not properly weigh the importance of the City’s financial outlook on the feasibility of a 3% across-the-board wage increase as it relates to the impact on the City’s other bargaining organizations. Here, the City’s Fire Fighter Association, the only other group with an open contract, agreed that they

would not receive any increases in compensation in FY 21-22. Hence, there is no rationale for why the POA should receive any additional compensation in comparison to the City's other safety unit in an open contract.

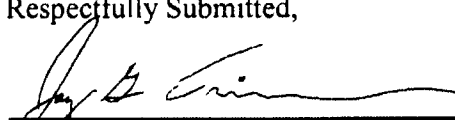
Given the above, I dissent from the Panel's recommendation for a 3% across-the-board wage increase.

2. Employee Health Contribution

The Fact Finding report recommends adoption of the ESPOA's position requiring the City to increase its monthly contributions towards employees' medical insurance premiums by \$100 at each level beginning January 2022. I dissent from this recommendation for the reasons identified above regarding the City's financial circumstances. In addition, I dissent from the recommendation as it fails to acknowledge that ESPOA is receiving the highest contribution toward the monthly premiums for health insurance that the City is providing to any bargaining unit. Moreover, the information provided by the City showed that the City's current medical contributions covers 100% coverage for employees only, 100% coverage for employees plus 1 dependent, and 87% coverage for employees plus 2 or more dependents. Therefore, ESPOA failed to present any evidence to support an increase in medical contributions retroactive to January 2022.

Respectfully Submitted,

Dated: July 7, 2022



Jay Trinnaman