

## City Council – Action Request Form

**Date:** June 18, 2018

**To:** The City Manager

**From:** Angela Carmon, City Attorney  
Ben Rowe, Assistant City Manager  
Scott Tesh, Performance and Accountability Director  
Carmen Caruth, Human Resources Director

**Council Action Requested:**

Consideration of an Amendment to the FY 2017-2018 Annual Appropriation and Tax Levy Ordinance to Appropriate a Reimbursement from the Risk Acceptance Management Corporation for Payments to Current and Former Eligible Sworn Police Officers and Certified Firefighters for Hours Previously Worked

**Strategic Focus Area:** Service Excellence

**Strategic Objective:** N/A

**Strategic Plan Action Item:** N/A

**Key Work Item:** N/A



**Summary of Information:**

In the fall of 2017, the Human Resources Department received a complaint from a police officer who stated his pay rate was not consistent with the police/fire pay plan in 2006. As a result, the City Manager directed the Office of Performance and Accountability (OPA) to review the pay rates going back to FY 2005-2006. OPA staff reviewed the pay rates in the police/fire pay plan with the rates approved in Personnel Resolutions from FY 2005-2006 to the present. Their first step in the review was to recalculate the pay tables for this time period to ensure the minimum pay rates were correct. Next, the OPA staff reviewed the pay rates for current and former sworn police and certified fire personnel against the corrected pay tables. For those employees who were not adjusted to the correct rates, the OPA staff calculated a payment for the hours for which they should have been paid the correct rate. During OPA's review, they also discovered that education and military incentives were not applied correctly for a number of employees. In total, the OPA staff reviewed the pay for 1,688 current and former sworn police and certified fire employees from July 2005 through November 2017, or approximately 140,000 pay cycles. Staff from the Information Systems Department completed the calculation from November 2017 through May 2018.

**Committee Action:**

**Committee**

**Action**

**For**

**Against**

**Remarks:**

The following table summarizes the ranges of salary pay-outs based on these calculations, going back 13 years. The table also shows the number of employees who are eligible to receive payment in each range.

**Breakdown by Amount Owed (Salary Only)**

<b>Dollar Category</b>	<b># of Personnel</b>	<b>Dollar Amount</b>
\$10,000+	3	\$54,482.73
\$5,000-\$9,999	15	\$108,142.88
\$3,000-\$5,999	24	\$91,637.75
\$1,000-\$2,999	218	\$363,299.83
\$100-\$999	300	\$165,039.73
\$0.01-\$99	275	\$6,456.86
\$0	853	\$0.00
<b>Totals</b>	<b>1,688</b>	<b>\$789,059.78</b>

For current employees, their pay rates going forward already have been adjusted with the pay cycles in May. The following table provides a breakdown in the police and fire employees who received adjustments.

**Employees Whose Current Pay Rates Have Been Adjusted**

	<b># of Current Personnel</b>	<b># Who Received Adjustments</b>	<b>% Who Received Adjustments</b>
Certified Fire Personnel	371	132	35.6%
Sworn Police Personnel	540	308	57.0%
<b>Total</b>	<b>911</b>	<b>440</b>	<b>48.3%</b>

\*Hourly adjustments ranged from \$0.0001/hr. to \$6.8221/hr.

In addition to the salary payments, the City also would provide the City’s contribution for FICA, the police 401(k) plan, and the City’s new 401(a) plan that is open to certified fire employees. City management proposes to cover these costs through a reimbursement from the Risk Acceptance Management Corporation (RAMCO). Eligible employees will have the option to report to the State and the local police retirement plans their pay-out as pensionable income. If an employee files the required paperwork and pays the employee’s share, the State and/or the local police retirement plan will bill the City for its share of the retirement contribution. For those cases, the City’s contribution will be paid out of the employee benefits fund.

The following table summarizes the total cost for the 13-year period that would be reimbursed from RAMCO.

**Total Reimbursement from RAMCO**

<b>Expense Type</b>	<b>13-Year Pay-out</b>
Salaries	\$789,059.78
401(a)	\$822.08
401(k)	\$33,816.17
FICA	\$18,431.02
<b>Total</b>	<b>\$842,129.05</b>

This Council Action includes an amendment to the FY 2017-2018 Annual Appropriation and Tax Levy Ordinance to appropriate the reimbursement from RAMCO to cover the payments to current and former eligible police and fire employees.

During OPA’s review of the police/fire pay data, the staff documented a number of observations and developed recommendations for each observation. Their observations fall into the following categories:

Calculation: Issues with applying known information. Policies and procedures exist, but more stringent controls should be implemented.

Review: Issues observed that may require further research.

Documentation: Processes related to intake and storage of documents needed for review.

Policy: Issues where policy (as opposed to process) needs to be reviewed.

The OPA staff’s recommendations include establishing secondary review procedures, issuing written guidance on procedures, providing for easier digital access to relevant documents, and reviewing best practices for current policies. The Human Resources Department and Information Systems Department will be integral to implementing these recommendations.

Several corrective measures already are being developed and will be in place by July 1. The following table describes these actions and the department that primarily will be responsible for implementation.

<b>Corrective Measures</b>	<b>Responsible Department</b>
Prepare step-by-step instructions for all pay policies and procedures contained in and resulting from the City’s Personnel Resolution.	Human Resources
Implement secondary reviews to increase accuracy and put in place internal controls for all pay rate calculations and pay plan content.	Human Resources

<b>Corrective Measures</b>	<b>Responsible Department</b>
Create additional automated reports of daily pay changes for use by Human Resources staff to audit all employee pay changes daily.	Information Systems
Create new automated processes that eliminate manual calculations of pay changes associated with certain policies (shift differential, Spanish incentive, and temporary promotions) in order to reduce errors associated with manually calculating pay changes.	Information Systems

In addition to these corrective measures, the City Manager’s Office and the Office of Performance and Accountability will be working with departments in the coming months to identify critical work processes to review and ensure sufficient documentation and controls are in place to prevent future operational breakdowns.