



NASSAU COUNTY LEGISLATURE
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Inter-Departmental Memo

To: Hon. Richard Nicoletto, Presiding Officer
Hon. Kevan Abrahams, Minority Leader
All Members of the Nassau County Legislature

From: Maurice Chalmers, Director
Office of Legislative Budget Review

A handwritten signature in blue ink, appearing to be "M. Chalmers", written over the name of the sender.

Date: January 23, 2020

Re: Memorandum of Understanding (MOU) between the County and the Detectives' Association Inc. (DAI)

The Office of Legislative Budget Review (OLBR) has prepared this report to provide an estimated fiscal cost for Clerk Item (3-20), which is a Memorandum of Understanding (MOU) between the County and the Police Detectives' Association (DAI) union. This is the first negotiated contract that the County has entered into since the expiration of all the County's union contracts on December 31, 2017. This MOU has been ratified by the members of the DAI and is scheduled to be voted on January 27, 2020 by the Legislature. The Nassau Interim Finance Authority (NIFA) will also need to approve this MOU, however since they have been part of the negotiations, the details of the agreement should already be known by the Authority. If the MOU is approved, it will be incorporated into one consolidated Collective Bargaining Agreement within six months of its final ratification. The term of this agreement is for the period from January 1, 2018 through June 30, 2026.

The Administration believes this proposed MOU will remedy the chronic shortage of Detectives by increasing the salary scale and creating a new career path for all Detectives. The promotional differential over the salary of a Police Officer has been increased and the time needed to reach the Detective top pay step is reduced. While this MOU will increase the wage structure for all Detectives, the DAI members will be required to work at least five additional tours (with new

Detectives working an additional 10-15 appearances); this aspect of the contract is viewed as an offset to the cost while increasing staffing availability. The Administration’s position is that this concession will immediately put more Detectives on the street which enhances safety and improves police response in the County.

The chart below reflects the staffing in the payroll file for Detectives which shows a variance of 34 heads. However, the onboard count includes 26 Detectives that are retired but show up on the payroll file because they may have court appearances. Therefore, after considering that adjustment, the number of vacancies would increase from 34 to **60** positions (34+26). The FY 20 budget appears to have enough funding to cover the cost of the MOU.

	2020 Onboard		2020 Adopted Bud		Difference OB/Bud	
	HC	Dollars	HC	Dollars	HC	Dollars
DAI Staffing	326	\$ 38.2	360	\$ 46.9	(34)	\$ (8.7)

*The Onboard includes 26 heads that are listed Code 5, for Detectives who have retired.

**Dollars are in millions.

The following discussion provides the estimated cost impact of the new agreement as well as highlights of the key provisions of the MOU. For the latter, OLBR engaged the Administration and Labor Relations to ensure that the interpretation of the MOU is as intended.

Wage Increases

The table below reflects the scheduled Cost of Living Adjustments (COLAs) as proposed in the agreement:

<u>Date</u>	<u>COLA</u>
July 1, 2020	2.0%
July 1, 2021	2.0%
July 1, 2022	2.5%
July 1, 2023	2.5%
July 1, 2024	3.0%
July 1, 2025	3.0%

The MOU includes provisions for a \$1,000 signing bonus and an additional \$1,000 lump sum payment for the membership. Wages for all DAI active members will be increased by COLAs on July of each year by the percentage reflected in the above chart. In addition to the COLAs, a new step schedule will also increase the salaries annually for all Detectives immediately.

The existing step schedule will be replaced by a new three-grade step scale. Police Officers designated as Detectives that currently follow the Police Benevolent Association (PBA) salary schedule will continue to follow the same schedule plus an additional \$6,249 stipend. Upon reaching the top PBA step, Detectives will be placed into the Detective Third Grade which consists of four annual steps.

The new detective salary schedule will replace the prior 15 month step structure with 12 month annual step increases. Current Detectives that have not reached the top pay Detective step, will

also be placed directly to the Third grade. Detectives that are currently at the top pay scale will be placed into the Second Grade which consists of three annual steps. Detectives that have been designated after the ratification of this agreement, will advanced to the Second Grade after 10 years working as a Nassau County Detective.

The First Grade with the highest starting wage will be made at the discretion of the Police Commissioner. The Commissioner will promote no fewer than 10 Detectives to First Grade in 2021, 2022 and 2023. Afterwards, no fewer than 30 First Grade Detectives will be maintained for the duration of the agreement.

The following chart provides the projected costs and savings of the contract by fiscal year. OLBR estimates the costs associated with the COLA and steps to be approximately \$75.2 million. These costs are reduced by anticipated savings of \$21.9 million from concessions in the contract for a net cost of **\$53.4 million**. The Administration will need to monitor and ensure that the concessions are realized in order to offset the expense. OLBR’s net cost is very close to the Administration’s figure of \$54.4 million. Their ending numbers is derived from a cost of \$90.3 million offset by higher savings of \$36.0 million by the end of the MOU. Although the offices used different assumptions, the net projected cost end up with a very small variance. A copy of the Administration’s cost sheet is attached as an appendix for the Legislature.

	Retroactive Pay	2020	2021	2022	2023	2024	2025	2026	Total
Projected Cost									
DAI	\$0.9	\$3.0	\$5.1	\$9.2	\$11.2	\$12.9	\$15.6	\$17.3	\$75.2
Projected Offsets									
Health Insurance Savings	\$0.0	\$0.0	(\$0.7)	(\$0.9)	(\$1.0)	(\$1.0)	(\$1.1)	(\$1.1)	(\$5.8)
Appearance Days for All Detectives	\$0.0	(\$1.2)	(\$1.3)	(\$1.3)	(\$1.4)	(\$1.5)	(\$1.5)	(\$1.5)	(\$9.7)
Appearance Days for New Dets	\$0.0	\$0.0	(\$0.4)	(\$0.4)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$2.8)
Vacation Cap	\$0.0	(\$1.1)	(\$1.2)	(\$1.3)	\$0.0	\$0.0	\$0.0	\$0.0	(\$3.6)
Total Offsets	\$0.0	(\$2.3)	(\$3.6)	(\$3.9)	(\$2.9)	(\$3.0)	(\$3.1)	(\$3.1)	(\$21.9)
Total Net Cost	\$0.9	\$0.7	\$1.5	\$5.2	\$8.3	\$10.0	\$12.6	\$14.2	\$53.4

The following are highlights of some key provisions of the contract:

Retroactive Wages

A lump sum payment of \$1,000 will be made to each member of the bargaining unit as well as those eligible for retroactivity under the agreement. In addition, every employee in active status on the date of the ratification of this agreement will receive a \$1,000 signing bonus. These components are estimated to cost roughly \$0.9 million and this is reflected in the chart above.

Health Insurance Contributions for Employees

Employed DAI members not currently contributing to their health care benefits will be required to contribute a percentage of their base earnings. The cost consists of 2.0% of their base earnings in 2021, 2.25% in 2022 and 2.5% from 2023 through 2026. Health care contributions

imposed under earlier agreements shall continue, including the 15.0% health insurance premium cost contribution that the 2014 MOA required for sworn officers hired after the 2014 agreement. Unlike the current agreement which requires members to pay the 15.0% contribution into their retirement, the new contribution under this MOU will cease upon retirement. OLBR has estimated that total savings to be roughly \$5.8 million for this provision. However, as the incumbent Detectives covered by this provision retire, those savings will decrease.

Employees who maintain alternative health care coverage will have the option to opt-out of health care coverage with the County. They will be eligible to receive an annual opt-out payment of \$2,000 for waived individual coverage and \$4,000 for waived family coverage. This is an increase from the current maximum of \$500 for individual and \$2,000 for family. Payments will be made at the end of the plan year. The Administration did not capture any savings from this clause since there is minimal participation.

As part of the agreement, the flexible spending program will be made available to the bargaining unit as soon as possible after full and final ratification.

Schedules - Appearance Days

This clause is the most significant concession of this contract. All incumbent Detectives, and/ or current Police Officer designated to be Detective within one year of final ratification of this MOU, will be required to work an additional five appearances. This provision is to incentivize current employees to become Detectives within one year. Per the testimony on January 13, 2020 there are about 15 officers that have filed their paperwork to become Detectives.

Any Police Officer designated Detective **after one year** of final ratification (on the Police Officer salary schedule) will work an additional 10 appearances, for a total of 15 (the 5 from above plus an additional 10). Upon reaching the Detective salary schedule, only an additional 5 appearances are required for a total of 10 tours. After completing one year at step four of 3rd Grade Detective, the number of appearances will revert back to the original five, which will continue throughout the remainder of their Detective track.

Any scheduled additional tour missed for any reason will be required to be made up. Finally, any incumbent Detective may elect to work a five additional appearance enhanced schedule in exchange for which he/she will receive differential of 1.7%.

OLBR has estimated the savings from the additional tours to be roughly \$12.5 million.

Rules -Terminal Pay

All current sworn officers that became a Detective prior to the ratification of this MOU, will continue to be subject to a terminal pay cap equivalent to two times their base salary (including holiday pay, shift differential and longevity) in the year they retire. This remains unchanged from the current agreement. However, Detectives with initial NCPD hire dates prior to the ratification of this MOU but who are not designated to the rank of Detective until after December 31, 2025, will be subject to a lower cap of 1¾ times base salary in the year when he or she retires.

Detectives with initial hire dates into sworn service with the County after the final ratification will earn sick leave at the rate of 18 days per year and will be subject to an absolute cap on terminal pay of 1½ times their base salary in the year such Detective retires. While this clause is expected to generate savings, the anticipated terminal payouts are not expected to occur until after the expiration of the contract when future Detectives retire.

Rules -Vacation Accruals

The MOU includes a temporary vacation accrual cap not to exceed 160 hours annually, from 2020 up to and including 2022. Assuming that the current trend continues, the County could save approximately \$3.6 million from this clause. However, it should be mentioned that there is the possibility that DAI members will delay retirement until the clause sunsets. Should that be the case, the final payments would be made at a higher rate and with more members at the vacation day maximum. The decision to leave service is a personal decision that may or may not be driven by financial/non-financial situations.

Longevity

This MOU provided an option for DAI members to choose by majority between two options. Option A allowed the current longevity lawsuit to be resolved through the Courts and any other lawful process. Neither the County nor the Union would waive any rights with regards to the pending litigation. Option B provided a new longevity scale which would eliminate the prior scale. After the Union members ratified this MOU, they elected to choose Option A to continue to resolve the lawsuit in Court. Therefore, any longevity payments will be decided by the courts.

Other Provisions

The County Executive and the President of the Union will jointly, petition the Governor, State Assembly and State Senate for new recurring revenues sufficient to help achieve a sustainable GAAP balanced budget and eliminate the control period established by the Nassau Interim Finance Authority (NIFA). If at any point during the term of this agreement, NIFA or its successor exercising the power to freeze any economic benefits, diminishes the benefit of this agreement, the scheduling health care and terminal leave provisions in this Agreement will be nullified and a status quo will prevail except that NIFA may take any lawful action with respect to resolution of the pending longevity lawsuit.

Reopener Clause

This agreement includes a reopener clause in the event the County voluntarily agrees with another bargaining unit representing sworn members of the NCPD to provisions greater than those provided in this agreement. In such an event, the union must establish that the net value of the other agreement exceeds the net value of this agreement.

The outcome of any of the other agreements may impact certain aspects of this MOU as well as the intent which is to recruit and retain Detectives. Depending on the outcome of the other agreements, it could make it more or less enticing to become a Detective.

Conclusion

The proposed MOU with the DAI is projected to have a net cost of approximately \$53.4 million after the concessions are considered. However, there could be additional future savings beyond

the term of this contract. For example, the MOU will gradually reduce the terminal pay accruals to 1½ of Detective's base salary, which is lower than the current two times the base salary. Although these savings will not be achieved until the out-years, there will be a financial benefit past this agreement for the County.

It has been testified by the Administration, the Union and the Police Commissioner that the MOU helps the Police Department recruit and retain members in the Detective ranks where there has been a shortage. There is a reliance on that testimony that the agreement will solve the recruitment of Detectives. However, since the other unions have not yet negotiated a deal with the County, it is possible that the terms of their agreement could possibly impact the desired appeal of this MOU and also trigger the reopener clause. OLBR will be monitoring the hires within that Union and reporting the updates back to the Legislature.

cc: Ray Orlando, Deputy County Executive for Finance
Andrew Persich, Budget Director, OMB
Chris Ostuni, Majority Counsel
Bob Conroy, Budget Research Analyst
Peter Clines, Minority Counsel
Michele Darcy, Minority Finance Director
Michael Pulitzer, Clerk of the Legislature
Tatum Fox, Deputy County Executive
Patrick Ryder, Commissioner of Police

APPENDIX A

DAI Deal 1/1/18 - 6/30/26
\$s in millions

Proposal	2018	2019	2020	2021	2022	2023	2024	2025	Full-Year 2026
2 * \$1,000 lump sums	-	0.853	-	-	-	-	-	-	-
General Wage Increase	-	-	0.855	2.583	4.568	6.821	9.363	12.210	13.655
<u>Salary Schedule</u>									
Establish 3 Grades	-	-	2.411	3.052	3.161	3.355	3.448	3.551	3.604
Compress 15 to 12 mos.	-	-	-	0.138	0.290	0.504	0.768	1.016	1.088
2nd Grade premium - 3rd year	-	-	-	-	1.850	1.896	1.948	2.007	2.036
First Grades	-	-	-	0.164	0.336	0.574	0.708	0.729	0.740
Health Contribution	-	-	-	(0.924)	(1.066)	(1.194)	(1.207)	(1.223)	(1.244)
Addtl Tours - 5 for all	-	-	(2.087)	(2.127)	(2.224)	(2.278)	(2.339)	(2.415)	(2.458)
Addtl Tours - New Dets	-	-	-	(0.124)	(0.350)	(0.591)	(0.927)	(1.199)	(1.476)
Vacation Cap	-	-	(2.824)	(2.824)	(2.824)	-	-	-	-
Termination Pay Cap	-	-	-	-	-	-	-	-	-
DAI Total									
DAI Total - Net	-	0.853	(1.645)	(0.062)	3.741	9.087	11.762	14.676	15.944
DAI Total - Cumulative	-	0.853	(0.792)	(0.854)	2.888	11.975	23.736	38.412	54.356

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