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SAN LUIS OBISPO POLICE OFFICERS ASSOCIATION

IN CHARTER SECTION 1107 ARBITRATION PROCEEDINGS

BEFORE MATTHEW GOLDBERG

IN THE MATTER OF A CHARTER SECTION 1107)
ARBITRATION PROCEEDING BETWEEN THE)
)
)
San Luis Obispo Police Officers Association)
)
and the)
)
City of San Luis Obispo)
)
)
_____)

HEARING DATES:

October 15 and 16, 2007
December 19 – 21, 2007

SUPPLEMENTAL EVIDENCE

Following the close of the arbitration hearing, additional evidence became available relevant to the issues presented. As the Association was not able to present this evidence at the hearing because it either did not exist or was not yet publicly available, it respectfully requests that the following evidence be admitted for consideration:

- Exhibit A: San Luis Obispo Tribune Article dated February 20, 2008, entitled:
“Viewpoint: Measure Y: How it’s helping SLO Town”
- Exhibit B: San Luis Obispo Tribune Article dated February 16, 2008, entitled:
“SLO budget defies economic downturn”
- Exhibit C: San Luis Obispo Tribune Article dated January 22, 2008, entitled:
“Easy does it on raises for top SLO jobs”
- Exhibit D: San Luis Obispo Tribune Article dated January 21, 2008, entitled:
“Top managers in SLO may receive raises”
- Exhibit E: Compensation Study Recommendations

Dated: February 22, 2008

Respectfully Submitted,

BERRY | WILKINSON | LAW GROUP

By: Alison Berry Wilkinson
Attorneys for San Luis Obispo Police Officers
Association

EXHIBIT A

Posted on Wed, Feb. 20, 2008

Viewpoint: Measure Y: How it's helping SLO town

By Dave Romero

In November 2006, our community overwhelmingly approved a general fund revenue increase — Measure Y, half-cent increase in our sales tax.

Citizens' voting to tax themselves is a rare thing, and we owe it to our citizens to regularly report on how the added money is being used.

The added half-penny lifted our sales tax rate from the lowest level in the state up to the mainstream, 7.75 cents per dollar (which is equal to or less than the rate paid by 85 percent of the state's residents.) The state still gets its 6.25-cent share, but San Luis Obispo now gets a penny and a half. The half-pennies add up, and we estimate new revenue from Measure Y of almost \$13 million through June 30, 2009. The chart shows how this money is being allocated to various programs and services over the 2007-09 financial plan period.

Measure Y was approved for eight years and will sunset in November 2015, unless extended by voters. So if your favorite service does not appear to be getting enough of the pie, allocations will change over time as pent-up needs are met and other projects mature and get funded (such as a possible new community/senior center).

The list of all new programs and projects made possible by Measure Y is too long to include here, but they are detailed in our 2007-09 Financial Plan. Here are a few example enhancements found in that plan, which was adopted following extensive community involvement in identifying Measure Y priorities:

- Adding six new police officers to beef up neighborhood patrol and traffic safety;
- Establishing a full-time fire marshal and firefighter training officer;
- Reactivating the neighborhood paving program by investing an added \$3.2 million in street maintenance and pothole repair;
- Restoring regular contributions to the open space preservation fund;
- Doubling neighborhood code enforcement staff; and
- Investing for the first time in years in major creek and flood protection efforts —about \$3.6 million!

We need highly qualified people to carry out our priorities, but in recent years it has become increasingly challenging to attract and retain top employees. Partially because of past belt tightening, some of our

positions had fallen way behind in compensation. For example, our police chief slipped to the fourth-highest paid, when compared to the other six cities in the county.

We have recently lost some key people to neighboring cities such as Paso Robles, Santa Maria and Morro Bay. And because of low salaries, filling some important job vacancies has been tough.

The council therefore set aside funding—separate from the added Measure Y budget—to support a detailed study and phased-in salary range adjustments for a minority of city job classifications.

Some have incorrectly connected these adjustments to the use of Measure Y funds. While I won't apologize for wanting the best possible employees serving my beloved San Luis Obispo, I do want to clarify that these adjustments were made without reducing Measure Y revenues— and will cost a very modest 0.5 percent (one-half of one percent) of general fund revenues over the same 2007-09 time period.

I hope you agree that supporting Measure Y has been a great thing for our town. I believe it will assure that we all share many more “perfect days in paradise.”

If you would like more information about our use of Measure Y funding, please visit the city's 2007-09 Financial Plan and Budget-in-Brief at www.slocity.org/finance/finplan.asp, or call us at 781-7125.

EXHIBIT B

Posted on Sat, Feb. 16, 2008

SLO budget defies economic downturn

Revenue from the Measure "Y" sales tax increase is up by nearly \$1 million over projections

By David Sneed

- [Read a copy of the budget outlook](#)

In spite of downturns in the housing market and the economy overall, San Luis Obispo still enjoys a positive fiscal outlook, mostly because of higher-than-expected revenues from the city's recent half-cent sales tax increase.

That's the overall message Administrative Officer Ken Hampian will deliver to the City Council when it gets its mid-year budget review Tuesday. The council is updated on the city's budget every six months. "The budget is a living document," Hampian said. "We like to keep it updated."

Funds from the Measure Y sales tax increase are up by nearly \$1 million over projections. The transient occupancy tax is also higher than expected.

The city's total General Fund is \$53 million, an increase of 6 percent over last year's budget. Measure Y funds are used to pay, in part, for public improvement projects. This has caused the city to hire additional inspectors and other regulators, Hampian said.

On the negative side, the decline in the housing market has the potential to drive down property tax revenues. The general slump in the economy is also causing significant declines in new car sales, a big-ticket item that brings in significant sales tax revenues.

EXHIBIT C

Posted on Tue, Jan. 22, 2008

Editorial - Easy does it on raises for top SLO jobs

Opinion of The Tribune:

The city's management needs a competitive wage, but phase in the increases over time

MEETING TONIGHT - The San Luis Obispo City Council meets at 7 tonight at City Hall, 990 Palm St.

If you were hyperventilating over the suggestion that some top employees in the city of San Luis Obispo could get immediate raises of 12 percent to 17 percent, you can take a deep breath. It's true that city staff is recommending a new salary schedule that will bring pay ranges for several supervisory positions in line with salaries in comparable cities.

If the new schedule is adopted, it will go into effect immediately for job applicants, helping the city compete more successfully for the highly skilled candidates. Current employees, however, aren't recommended to get double-digit raises overnight. Instead, city staff is recommending a phased-in approach that would give up to 5 percent raises to some top employees this year. Future raises would depend on performance reviews.

Sounds reasonable so far. But here's where we have concern: If a management employee gets an excellent review later in the year, he or she could turn around and get an additional raise of 5 percent or more. That equals 10 percent or more in a single year — and given today's economic climate, we think that's overly generous. We'll give the city the benefit of the doubt and trust that the administration is serious about phased implementation.

To most taxpayers, that means phasing in the new salary schedule over at least a few years — not a few months—and we hope the city respects that. That said, we think taxpayers need to recognize that the new pay scale for management employees is a necessary remedy if the city is going to attract and retain top-flight candidates.

If you doubt that, consider the compensation study released in November that showed that the city is substantially behind its peers in some job classifications. The study compared SLO salaries to pay rates

in 10 other cities—including Santa Maria and Paso Robles —and it showed that many of SLO's top employees are significantly underpaid.

The pay study isn't the only evidence of the disparity; lately, the city of SLO has been losing employees to neighboring cities such as Paso Robles and Morro Bay. It's one thing to have wages lag behind much larger cities, such as Los Angeles, San Francisco, Santa Barbara, even Santa Maria. But there's no reason the city of San Luis Obispo shouldn't be able to offer salaries comparable to what employees earn in Morro Bay or Paso Robles.

City staff has come up with a viable plan to make SLO more attractive to job applicants by offering pay rates that are competitive. That's good and necessary.

We urge the City Council to adopt a plan that will ensure a stable, well-qualified work force—but at the same time ensure that double-digit raises really will be implemented over a reasonable period of time.

EXHIBIT D

Posted on Mon, Jan. 21, 2008

Top managers in SLO may receive raises

Managers and some technical staff are in line for raises after a study found discrepancies with other cities

By Sally Connell

SAMPLING OF SALARIES BEING CONSIDERED BY THE SAN LUIS OBISPO CITY COUNCIL

TOP MANAGEMENT*

Percent

City administrative officer
City attorney
Police chief
Fire chief
Community development director
Director of finance
Utility director
Supervising civil engineer

*Top managers' pay raises would be effective Jan. 24 if passed

TECHNICAL STAFF**

Laboratory analyst
Water reclamation operator
Water reclamation chief operator

**These raises would be phased in over two years; salaries listed for January 2009

Annual low Annual high

12 percent \$149,000 15 percent \$134,000 15 percent \$122,000 12 percent \$118,000
17.4 percent \$118,000 12 percent \$118,000 17.4 percent \$118,000
14.6 percent \$82,000
14 percent \$47,000
14 percent \$47,000
14 percent \$62,000 \$186,000 \$167,000 \$152,000 \$147,000
\$147,000 \$147,000 \$147,000
\$102,000
\$70,000
\$70,000
\$76,000

While the San Luis Obispo City Council will decide whether to increase future salaries for new hires to top management slots by as much as 12 to 17 percent, the proposal also calls for more slowly phasing in raises for those currently holding the affected positions.

New hires would get the new salaries immediately, but as proposed, they would be phased in at maximum increments of 5 percent per year for the individuals currently holding such positions as city administrative officer, city attorney and community development director and only after performance evaluations. The one exception proposed by city staff involves granting an 8 percent increase now to Police Chief Deborah Linden.

The proposal before the council involves adopting new salary schedules for management and highly technical positions that were found to be underpaid in a study commissioned by the city. The council in November asked staff to return with the pay proposals.

A total of 38 management positions are proposed to get raises from 12 to 17.4 percent in the long run, but the raises would be implemented over a number of years and after pay-for-performance reviews. Increases for technical staff would be phased in over two years.

The raises proposed for top managers differ by position and follow a pattern where raises have been granted to top government workers locally, including a 5.34 percent blanket increase adopted in fall by county supervisors for their top administrators. County supervisors raised their own salaries by just over 6 percent.

City staff arguments in favor of pay raises have focused on how difficult it is to recruit and maintain qualified staff to live in San Luis Obispo, calling the proposals "succession planning." One side effect of raising salaries to attract job applicants is that the higher pay will become the basis for retirement pay for current city employees in the better compensated positions.

Staff notes in its report to the council that it has lost top management personnel to the cities of Santa Maria, Paso Robles and other communities because of disparities in salary and health benefits. The report tells of losing a water reclamation plant chief operator and a water projects manager to Paso Robles, and losing the city's information technology manager to Santa Maria.

City Councilman Paul Brown, who owns Mother's Tavern, said he sees the raises in the same way he would see hiring people for the private sector. If you want to hire and retain good people, he said, you have to be competitive. "If I was just hit with those numbers, I'd be concerned," he conceded. But he said he has been following the arguments and understands their validity. "We pride ourselves on our excellent staff. If we want to keep them, we've got to pay for it to continue. People are going to look for better opportunities, so we have to be competitive."

The compensation study done in November also found that city employees lagged in the amount that the city paid for health benefits. The council is also being asked whether it wants staff to explore increasing city contributions

EXHIBIT E

(See PowerPoint presentation “Exhibit E”)