

# TOWN OF PALM BEACH

Information for Special Town Council Meeting on: July 17, 2014

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To: Mayor and Town Council

From: Peter B. Elwell, Town Manager

Re: Police Officer Overtime Pay

Date: July 1, 2014

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## **STAFF RECOMMENDATION**

I recommend that the Town continue to follow the Fair Labor Standards Act (FLSA) in calculating police officer overtime pay, just as we follow the FLSA in calculating overtime pay for all other Town employees.

## **GENERAL INFORMATION**

During 2013, Public Safety Director Kirk Blouin brought to my attention the Town's police officers' desire for their overtime pay policy to be restored to what it had been prior to the collective bargaining of 2010-2012. Previously, overtime pay was provided for all hours worked after the first 160 hours in each 28-day pay period. That was more generous than required by the FLSA, which states that overtime pay must be provided for all hours worked after the first 171 hours in each 28-day pay period. In the collective bargaining process, I recommended modifying the police officer overtime pay policy to conform to the FLSA standard of 171 hours per pay period. I made this recommendation primarily because the Town's policy with regard to all other employees was to pay in accordance with the FLSA's requirements and because we were reducing excess expense in every area of Town government. On January 18, 2012, the Town Council approved my recommendation.

Since implementation of this change, a police officer who works between 160 and 171 hours during a particular pay period receives extra pay for those extra hours, but the extra pay is "straight time" (an equivalent hourly rate to what is paid per hour for the first 160 hours in each pay period). "Time and a half" overtime pay begins after 171 hours.

Director Blouin advised me that the police officers' desire for the Town to revert to the pre-2012 overtime pay policy was resulting in fewer officers working extra assignments voluntarily. He indicated that, when necessary, Police Department management required officers to work the extra assignments and that this situation was negatively affecting morale among some of the officers.

Over the course of several months, I monitored this situation and discussed it several times with Director Blouin. I believed (and still do) that the Town had taken a proper action for proper

reasons in aligning this policy with the FLSA requirements, but I was concerned (and still am) about the management challenge and employee morale impact that Director Blouin described. I had not yet decided whether to recommend any particular action regarding this matter when, at the Town Council meeting on February 11, 2014, former Mayor Jack McDonald urged the Town Council to address the police officers' desire for the overtime pay policy change. Town Council referred the matter to me and asked for my recommendation. At the Town Council meeting on March 11, 2014, I recommended that this matter be addressed during the FY15 budget process so that the financial impact could be considered in full context. Town Council approved that recommendation.

Between March and June, I have further considered the factors I had previously considered. I also have reviewed market information and an analysis of what implementing the requested change would likely cost the Town's taxpayers. Here are my findings:

- I believe the Town's 2012 action was proper.
- I am concerned about the employee morale impact of this matter, but I believe that this factor alone is not sufficient reason to change the policy.
- The cost of implementing the pre-2012 policy would be approximately \$100,000 for FY15.
- The salary range for Town police officers is near the top of our market (either 2<sup>nd</sup> or 3<sup>rd</sup> depending upon whether one is comparing salary midpoint or top of the range).
- Overall, the benefits package for Town police officers is competitive in our market. Some aspects (e.g. health insurance) are at or near the top while others (e.g. pension) are not.
- Working conditions in the Town of Palm Beach are outstanding.

In sum, I cannot recommend that the Town spend \$100,000 to provide a desired benefit that is not required by the applicable law and will not make the Town materially more competitive in our employment market. Elsewhere in the proposed FY15 budget materials, I make the following recommendations:

- Increase the starting annual salary for police officers from \$47,000 to \$50,000.
- Increase pay ranges for all non-union employees, including police officers, by 3%.
- Provide a full 4% discretionary Town 401(a) contribution to all non-union employees, including police officers.
- Continue the Town's outstanding health insurance program with no changes and no premium increases for FY15.

As these recommendations indicate, I am concerned for the welfare and morale of our employee team. I also believe each of the above actions would be a good business decision. What differentiates this matter from those other matters is that I do not believe it would be a good business decision to voluntarily expend \$100,000 on additional police officer overtime.

### **SPECIAL CONSIDERATIONS**

There is an alternative the Town Council may wish to consider. The overtime pay policy for deputies at the Palm Beach County Sheriff's Office (PBSO) provides overtime pay for all hours worked after the first 167 hours in each 28-day pay period. Matching that level of benefit, which several other local law enforcement agencies have done, would cost the Town approximately \$20,000 for FY15. For the reasons cited in this memorandum, I am not recommending that the Town match PBSO's benefit. However, if the Town Council agrees with my recommendation

not to fund the \$100,000 option but disagrees with my recommendation to maintain the current policy, then matching the PBSO policy would be a logical and affordable middle ground.

**FUNDING / FISCAL IMPACT**

As indicated herein, the estimated FY15 cost of reverting to the pre-2012 policy would be \$100,000 and the estimated FY15 cost of matching the PBSO policy would be \$20,000.

PBE:

cc: Kirk W. Blouin, Director of Public Safety  
Danielle Olson, Director of Human Resources  
Jane Struder, Director of Finance