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LICENSED IN
MISSOURI AND ILLINOIS

February 23, 2021

VIA EMAIL Only (gregkloepfel@kloepfellow.com)

Gregory C. Kloepfel, Esq.
Fraternal Order of Police, Lodge 15
2110 Collier Corporate Parkway
St. Charles, MO 63303

Re: City of Chesterfield

Dear Greg:

This is in response to your letter dated February 15, 2021. The City shares in your desire for a continued productive and mutually beneficial relationship. The City is proud of its internationally accredited Police Department, and values the efforts and contributions of its Police Officers and Sergeants, particularly during this unprecedented pandemic. We share your view that the City's officers continued to professionally execute their duties and to uphold their oath to protect and serve the citizens of Chesterfield and have indeed "upped their game" during this time, and for that the City is immensely grateful.

However, we would be remiss not to express the City's disappointment with the assertions made in your letter. It is due to this respect and pride of the Department that the City was surprised and dismayed by your assertion the City is in violation of the current contract. The City has unequivocally honored its commitments in the recently expired collective bargaining agreement and continues to do so as we have had ongoing negotiations over the last year. As you stated, last April, not only did the City sincerely believe it would experience a significant reduction in future funding levels and a loss of General Fund Municipal Tax revenues in excess of \$1.647 million below the 2018 budgeted sales tax revenues, but the Chesterfield Police Officers' Association also shared in that assessment. As a result, the kick out clause in Paragraph 11 of the Interim Agreement was invoked, resulting in waiver of all further pay increases pending further negotiations between the parties, including those pay increases otherwise due on July 1, 2020. More importantly, rather than dictating that this assessment is continually reviewable on an on-going basis, as inferred in your letter, Paragraph 11 is clear as to what the next step is to be. It explicitly states that pay increases may be waived "pending further negotiations between the parties."

It is important to view that decision within the context it was made at the time, which included astronomically high unemployment and dire predictions of the pandemic's effect on the national and local economies. Indeed, the City will experience a \$5.3 million shortfall in its funding levels (still more than \$2 million after considering CARES Act funding, the second half of which was approved only last Thursday.) Most recently, November and December 2020 municipal tax revenues fell approximately 24% short of projections and the levels seen in previous years. We do not anticipate January, 2021 being any better, so it is clear we are not out of the woods yet.

The City has met with the Chesterfield Police Officers' Association and Fraternal Order of Police on several occasions throughout this entire process, and has met its constitutional and Interim Agreement obligations to bargain in good faith. The City's December 17, 2020 offer addresses all of the Association's stated bargaining objectives with respect to compensation, including placing all officers at a defined step, implementing fewer steps to the top rate, alleviating wage compression, and providing for competitive wage rates for all officers and sergeants in the department. The proposed salary for new hire officers alone represents an immediate increase of 8.4% and almost 11% over the term of the offered contract. Other junior officers would also be granted substantial increases in order to avoid wage compression in the lower half of the salary range. The substantial increases for these officers was made necessary, in large part, by the salary adjustments provided officers and sergeants under the Interim Agreement, which included a \$5,000 per year increase for senior officers, while junior officers received only \$1,500. The City's proposal would result in a first year average salary increase of 3.78% for officers and sergeants on a department-wide basis, more than twice the current level of inflation, and a total of over 10.2% for the life of the proposed new agreement. This represents approximately \$1,550,925 in additional compensation over and above current levels, not counting additional costs in benefits contributions, payroll taxes and other compensation-driven expenditures.

The proposed salary scale for officers and sergeants under the City's proposal establishes salary levels that are undisputedly competitive with salary rates currently paid by other departments in the area. It also includes a provision that is intended to keep officer and sergeant pay competitive throughout the term of the new agreement with the addition of another step at the top and elimination of the lowest salary rung at the bottom.

The City's proposed compensation increases have factored in additional compensation that is intended to address the effects of the pay freeze placed into effect last July, and represents a huge financial commitment by the City, particularly when viewed in the context of the City's declining sales tax revenues from brick and mortar businesses, its largest source of revenue. Notably, the City's 2019 budgeted municipal tax revenues were roughly the same as its total municipal tax revenues for fiscal year 2014, and there is no indication this concerning trend will be reversed, yet during this time period the Police Department is the only department in the City that has received budget increases, from approximately \$8 million in fiscal 2014 to its current level of \$11.5 million.

In addition, over the last few years and continuing throughout the proposed term of the new collective bargaining agreement, the City has made and is pledging to make substantial investments in officer safety through the acquisition of dozens of new vehicles, a state-of-the-art

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IT system, vehicle and body cameras, new weaponry and a commitment to purchase newly designed and upgraded load-bearing vests.

The City is mindful of the fact the last 11 months has been a very stressful and anxious time for all City employees, including valued members of its Police Department, as well as for its residents, the City Council and Mayor. However, we respectfully submit that assertions the City is failing to live up to its contractual commitments is misdirected and is counterproductive to the bargaining process.

The City looks forward to the Chesterfield Police Officers' Association's and the Fraternal Order of Police's response to the City's December 17, 2020 contract offer, and to working together toward an agreement that is mutually beneficial for all concerned.

Sincerely,

HARRIS, DOWELL, FISHER & YOUNG, L.C.

s/ Michael F. Harris

Michael F. Harris

MFH

cc: Michael Geisel, City Administrator