

Memorandum of Understanding

Between

The Town of West Warwick

and

International Brotherhood of Police Officers Local 312

This Memorandum of Understanding is made and entered into this 1st day of April 2014 by and between the Town of West Warwick (the "Town") and International Brotherhood of Police Officers Local 312 (the "Police Union").

WHEREAS, the Town and the Police Union are parties to that certain collective bargaining agreement for the period July 1, 2011 to June 30, 2013 (hereinafter the "CBA");

WHEREAS, in or about 1957, the Town as created the Pension Plan of the Town of West Warwick, for the Police Union and Local 1104, International Association of Firefighters AFL-CIO, which pension plan has been amended and restated in numerous occasions including, without limitation, in July 1999 and October 2000, and further amended by ordinances of the Town (hereinafter collectively the "Pension Plan");

WHEREAS, the CBA and the Pension Plan provide certain pension and other benefits to the members of the Police Union (hereinafter the "Member" or the "Members");

WHEREAS, as more particularly documented September 24, 2012 Retirement Plan Design report of NYHART (the "NYHART Report"), and the Town's October 3, 2012 Proposed Corrective Action Report (the "Town Report"), the Town's finances and its pension system are under tremendous strain and are in crisis;

WHEREAS, the NYHART Report and the Town Report make numerous recommendations for changes in the pension and other benefits of the Police Union, among others, under the CBA and the Pension Plan; and

WHEREAS, the Town and the Police Union have negotiated in good faith in an effort to reach a mutually satisfactory agreement in respect of the proposed changes in pension and other benefits.

NOW, THEREFORE, the parties hereto, hereby agree as follows:

1. The parties hereto agree that they shall each submit to their respective constituencies and/or superiors and recommend for approval, the agreement contained herein.
2. This agreement and the parties obligations contained herein shall be conditioned on the following:
 - (a) An affirmative vote of the Police Union and the Town Council approving the agreement contained herein;
 - (b) the entry of a mutually acceptable Consent Judgment, in a friendly suit to be hereinafter commenced by the Town against the Police Union, containing the terms and conditions of this agreement;
 - (c) as to the collective bargaining agreement for the period commencing July 1, 2014 through and including June 30, 2019 as hereinafter identified, the enactment of legislation by the Rhode Island General Assembly authorizing collective bargaining agreements with a duration of five years;
 - (d) the incorporation of the terms hereof into a mutually acceptable collective bargaining agreements for the six month period commencing July 1, 2013

through and including June 30, 2014, and the sixty month period commencing July 1, 2014 through and including June 30, 2019;

- (e) the passage of amendments to the Town's pension ordinance and the Pension Plan to effectuate the applicable terms hereof; and

3. Except as expressly amended hereby, the terms and provisions of the CBA and the Pension Plan remain extant and in full force and effect as to Members until the next collective bargaining agreement is entered into by way of negotiated settlement or arbitration, which shall also incorporate the terms of this Memorandum of Understanding.

4. Solely between the parties hereto, the phrase "Annual Base Salary" as contained herein shall mean annual salary, longevity payments for the twelve months preceding the date of retirement, the wellness stipend and 105 hours of holiday pay at the Member's hourly rate of pay during each fiscal year, but shall exclude overtime, clothing allowance, sick bonus or any other payment that is not part of the Member's weekly earnings.

5. Effective July 1, 2014, any Member hired on or after July 1, 2014 who completes twenty (20) years of service but has not reached the requisite age of 50 may retire; however, that Member shall not be eligible to receive his or her pension until fifty (50) years of age. The pension for each Member shall be as set forth in paragraph 8 hereof.

6. Effective January 1, 2014, contributions to the Pension Plan for all current and future Members shall increase to an annual rate of Ten Percent (10%) of Annual Base Salary. Effective July 1, 2014, contributions to the Pension Plan for all current and future Members shall increase to an annual rate of Eleven Percent (11%) of Annual Base Salary. Effective July 1, 2015 and thereafter, contributions to the Pension Plan for all current and future Members shall

increase to Twelve Percent (12%) of Annual Base Salary. The aforesaid Member contributions shall continue for all years of service.

7. Effective July 1, 2014 and thereafter, the Town shall pay into the Pension Plan One Hundred Percent (100%) of the Annual Required Contribution as determined by the Town's actuary.

8. For all active Members who have Twenty (20) years of service as of June 30, 2014, the amount of the pension benefit as provided in the CBA shall not change. For all other active employees, effective July 1, 2014 and thereafter, the pension benefit for any retiring Members shall be calculated as of the date of retirement in accordance with the following schedule which shall apply to both past and future service:

<u>Years</u>	<u>Percentage Benefit</u>
20	50
21	51
22	52
23	53
24	54
25	55
26	57.5
27	60
28	62.5
29	65
30	67.5
31	70

By way of explanation, a Member will earn 2.5% of pay for the first twenty years of service, 1.0% of pay for the succeeding five years of service, and 2.5% of pay for the succeeding six years of service.

9. (a) With respect to any Member who becomes occupationally disabled as provided in the Pension Plan, should said employee become gainfully

employed again as a police officer, the Town of West Warwick shall be relieved from said disability pension obligation to that employee. That employee shall then receive what is otherwise known as a “normal retirement pension” based on the numbers of years served within the Town of West Warwick with all other rights, benefits, privileges and compensation so entitled.

- (b) As a condition for the receipt Occupational Disability benefits, the member shall file every year with the Pension Board and Town Finance Director a sworn written report of his or her earned income for the one-year period immediately preceding the filing of the report, together with such supporting data as may reasonably be required, including but not limited to copies of his or her individual tax returns. In the event the member is engaged in gainful employment, the Member’s pension amount for the following twelve (12) monthly payments, after filing the report of earned income, shall be reduced as follows:
 - (i) The total amount of the reduction shall be \$1.00 for each dollar by which the actual earned income exceeded the salary paid for the same one year period to an employee whose rank and seniority are the same as the retired member’s highest rank and seniority while on active duty.
 - (ii) One twelfth of the total reduction shall be applied to each payment, or any other method of reduction may be applied which is acceptable to the Pension Board and the Town

Finance Director. However, in no event shall any such member receive an annual pension which is less than 50 percent of his or her highest Average Annual Earnings.

- (c) Members who retire on disability, shall have their disability pension benefit calculated on Annual Base Salary. Members who are on occupational disability shall continue to receive Sixty-Six and Two-Thirds Percent ($66\frac{2}{3}$) of their Annual Base Salary until they attain the normal retirement age. Members with an occupational disability who remain occupationally disabled at the time of their retirement will continue to be treated in accordance with the Town's ordinances and the Pension Plan and shall receive Sixty-Six and Two Thirds Percent ($66\frac{2}{3}$) of their Annual Base Salary. A disabled Member who is not occupationally disabled at the retirement age provided in the Plan shall have his or her pension benefits reduced to an amount equal to the Member's accrued benefit under paragraph 8 hereof which shall be based upon the annual salary of the most current rate of pay for the position last held by the Member, and shall not have his or her pension benefits thereafter increased by any escalator provision in the Town's pension ordinances, the Pension Plan or any collective bargaining agreement; provided, however, that, notwithstanding paragraph 10 hereof, such Member shall continue to enjoy a cost-of-living adjustment applicable to such Member under the applicable collective bargaining agreement until attainment of normal retirement age and, after such Member attains normal retirement age, shall

continue to receive a cost-of-living adjustment as provided for in such Member's applicable collective bargaining agreement for an additional fifteen (15) years.

10. Effective July 1, 2014 and thereafter, the annual cost-of-living adjustment ("COLA") due to each Member as provided for in the CBA, shall be suspended for Seven (7) years commencing on each Member's retirement date. When it resumes, the COLA shall be calculated at an annual rate of Two and One-Quarter Percent (2.25%) compounded annually for Fifteen (15) years.

11. Effective immediately, the Department Structure and staffing level of the Police force as contained in the CBA shall be modified as follows:

- (a) the two (2) staff positions that were due to be filled on January 1, 2013 shall hereinafter remain vacant in perpetuity; and
- (b) one (1) of the two (2) staff positions that were due to be filled on July 1, 2012 shall hereinafter remain vacant in perpetuity.

12. Effective January 1, 2014 and thereafter, Article IV, Section 1. Department Structure of the CBA is hereby amended to eliminate one (1) staffing positions in the patrol division consisting of one (1) patrol officer on the 8:00 a.m. to 4:00 p.m. shift, such that the number of patrol officers in that shift shall be reduced from 7 to 6. If the Town elects to amend the Department Structure any further than the aforementioned patrol position, the negotiated changes to the Department Structure shall be as follows: One (1) SIU Detectives shall be eliminated reducing the SIU Detectives from two (2) to one (1); and two (2) SRO positions shall be reduced to one (1). An organizational chart of the aforementioned changes is attached hereto as Exhibit A and is incorporated herein by reference.

13. In any subsequent legal, administrative or other proceeding that may hereinafter arise between the parties with respect to this agreement, the Town shall not raise, and hereby expressly waives its right to do so, that its commitments as contained herein are not authorized on the basis of separation of powers.

14. The substantive Pension Plan changes effectuated hereby shall continue in perpetuity for all current and future Members, shall not be modified or amended in whole or in part except by mutual agreement of the Town and the Union, and the Members shall not be treated in accordance with or be subject to any settlement that the Town may achieve with its existing retirees; provided, however, that the Town may make administrative and procedural changes to the Pension Plan so long as those changes do not impair the pension benefits effected hereby.

TOWN OF WEST WARWICK

**INTERNATIONAL BROTHERHOOD OF
POLICE OFFICERS LOCAL 312**

By: Frederick J. Presley
Its: Town Manager

By: [Signature]
Its: President

EXHIBIT A

West Warwick Police Department Organizational Chart

