

LETTER OF AGREEMENT

The parties to this Letter of Agreement (LOA) are the City of Portland (City) and the Portland Police Association (Union or PPA) on behalf of its Police bargaining unit.

Background

1. The City and PPA are parties to a collective bargaining agreement (CBA) effective July 1, 2021 through June 30, 2025.
2. In January of 2024, the City received information from its outside consultant, Aon, of a significant rise in national and local healthcare costs due to a number of factors including inflation, post-pandemic claims, and increased provider and facility charges. These cost increases impacted the City's health insurance plans.
3. Also in January of 2024, the City and PPA (hereafter collectively referenced as the "Parties") started meeting to discuss these rising costs and ways to address them.
4. The PPA proposed an agreement to help decrease the impacts on the City budget for the rise in costs by using self-funded excess reserves, increasing self-funded stop loss levels, changing the self-funded dental plan network, changing the maximum plan allowance for out-of-network medical services, implementing the Advanced Utilization Management Program within the pharmacy plan, and the changing the pharmacy formulary for FY 2024-2025, along with other agreement terms unrelated to the health plan costs. The other terms proposed by PPA are: a one-year extension of the CBA, including a cost of living adjustment (COLA) consistent with the existing terms outlined in Schedule A of the CBA; agreement to notice to the PPA and opportunity to bargain any mandatory terms of any rule adoption or amendments by the Community Board for Police Accountability (CBPA) established as a result of the adoption of City Charter sections 2-1001 through 2-1009; agreement to City Code language for the CBPA and Office of Community-based Police Accountability (OCPA), collectively referenced hereafter as the "Oversight System"; and an agreement to bargain Code changes if City Charter sections 2-1001 through 2-1009 are amended by the voters in 2024.
5. The Bureau of Human Resources recommended other changes to address the increased costs for healthcare benefits for the 2024-2025 FY.
6. On April 24, 2024, City Council voted to approve an ordinance, item 336 on the morning Council agenda, authorizing the Bureau of Human Resources, in consultation with the City Attorney's Office, to enter into the letter of agreement that includes the PPA proposal in paragraph 4 above related to the health insurance plan along with other terms, provided that the PPA enters into such letter of agreement by the end of the day on April 30, 2024.

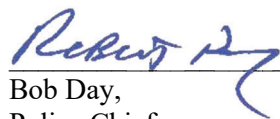
Agreement

The Parties agree as follows:

1. This Agreement resolves a disputed issue, with neither party admitting that such agreement is necessitated by any obligation under the PECBA or the Parties' CBA. This Agreement is non-precedent setting beyond the terms set forth herein.

2. In executing this Agreement, the PPA represents that its Police bargaining unit members have ratified this Agreement.
3. The Parties agree that the City shall make changes to the PPA health trust fund that result in cost savings resulting from the increased healthcare costs by using self-funded excess reserves, increasing self-funded stop loss levels, changing the self-funded dental plan network, changing the maximum plan allowance for out-of-network medical services, implementing the Advanced Utilization Management Program within the pharmacy plan, and changing the pharmacy formulary for FY 2024-2025. The cost savings will total approximately \$1.1 million.
4. The Parties agree to a one-year extension of the existing CBA to an expiration date of June 30, 2026, and including a cost of living adjustment (COLA) for FY 2025-2026 that is consistent with the existing terms for COLA increases outlined in Schedule A of the CBA, and are as follows: Effective July 1, 2025, Schedule "A" wage rates will be revised as follows: Salary rates for classifications in Schedule "A" for the period July 1, 2024 to June 30, 2025, are to be increased by one hundred percent (100%) of the annual increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) (as measured by the annual change in the index for between 2nd half 2023 and 2nd half 2024) for the West - Size A, published by the Bureau of Labor Statistics, U.S. Department of Labor. However, in no event shall the salary increase attributable to the CPI be less than one percent (1.0%) or greater than five percent (5.0%).
5. The PPA agrees to City Code language for the Community Board for Police Accountability (CBPA) and the Office of Community-based Police Accountability (OCPA), collectively referenced hereafter as the "Oversight System", established as a result of the adoption of City Charter sections 2-1001 through 2-1009.
6. The City will provide notice to the PPA and an opportunity to bargain over any terms or impacts that are mandatory for bargaining related to any rule adoption or amendments by the Oversight System or for any Police Bureau policy changes recommended by the Oversight System or City Council.
7. The Parties agree to bargain any changes to mandatory terms or impacts of the City Code language referenced in paragraph 5 of this Agreement if City Charter sections 2-1001 through 2-1009 are amended by the voters in 2024.
8. The Parties agree to start successor bargaining in late summer or early fall of 2025, such that bargaining, and if necessary, any interest arbitration hearing and decision, are completed by the end of March of 2026. The purpose of this paragraph is to allow the Parties time to bargain terms related to the CBA generally, but specifically for the health trust fund, in time for the City to bring an authorizing ordinance to Council for any changes to the health insurance plan for PPA for FY 2026-2027.
9. This Agreement shall be effective once all signatories have executed it.

For the City:



Bob Day,
Police Chief

4/30/2024

Date

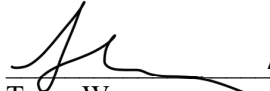
For the Union:



Aaron Schmutz,
PPA President

4/30/24

Date

 April 30, 2024

Tracy Warren, Date
Interim Director Bureau of HR

Approved as to Form:

 4/30/24

Heidi Brown, Date
Chief Deputy City Attorney