

Capitola City Council

Agenda Report



Meeting: May 28, 2026

From: City Manager Department

Subject: MOU with the Capitola Police Officers Association

Recommended Action: Authorize the City Manager to sign a side letter agreement with the Capitola Police Officers Association with a term of June 1, 2026, through June 30, 2027.

Background: On May 30, 2024, the City Council authorized the City Manager to execute a Memorandum of Understanding (MOU) with the Capitola Police Officers Association (POA).

On February 27, 2025, the City Council authorized the City Manager to sign a side letter agreement with the Capitola POA that increased Education Incentive Pay by 2.5% at the bachelor's degree level and clarified that no POA member can receive both Educational Incentive and Career Officer Incentive Pays at the same time.

The current POA MOU includes increased pay for participation in the Career Officer Program, a program that has been in effect in the Police Department since 1988. Language outlining pay increases based on this program has been included in MOUs since that time and currently follows this structure:

- Senior Officer: 2.5%
- Senior Officer: 5%
- Corporal: 7.5%

Discussion: Earlier this year, CalPERS contacted the City with a determination that the Career Office Program incentive pay, as written in the POA MOU, did not constitute reportable income, therefore does not count towards an employee's CalPERS benefits. The City and the POA had always intended this program to be reportable to CalPERS and began working with CalPERS on how to rectify this problem.

Additionally, CalPERS identified a discrepancy in adopted MOU language in how the City reports uniform allowances.

The proposed side letter (Attachment 1) includes language that adds two sections to the MOU that define uniform allowances and replaces the Career Officer Program (Section 14.05) with updated language. All updates have been pre-reviewed and approved by the CalPERS Audit Compliance and Resolution team.

Staff met with POA leadership, who confirmed that the POA approves the language in the proposed side letter.

Fiscal Impact: None. The proposed side letter does not include any additional benefits or increased compensation.

Attachments:

1. Proposed Side Letter

Alignment with 2025-2029 Strategic Plan Priority: Accountable Government

Report Prepared By: Chloé Woodmansee, Assistant to the City Manager

Reviewed By: Julia Gautho, City Clerk; Marc Tran, City Attorney

Approved By: Jamie Goldstein, City Manager