



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 03/04/2025

ITEM NO: 7

DATE: March 4, 2025
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: Approve and Authorize the Town Manager to Execute a Side Letter of Agreement Between the Town of Los Gatos, the Police Officers' Association (POA), the Town Employees' Association (TEA), and the American Federation of State, County, and Municipal Employees (AFSCME) Related to the Police Hiring Referral Bonus and Approve the Police Hiring Referral Bonus for Confidential Employees

RECOMMENDATION:

Approve and authorize the Town Manager to execute a side letter of agreement between the Town of Los Gatos, the Police Officers' Association (POA), the Town Employees' Association (TEA), and the American Federation of State, County, and Municipal Employees (AFSCME) related to the police hiring referral bonus and approve the Police Hiring Referral Bonus for Confidential Employees.

BACKGROUND:

Beginning in September 2022, the Police Department began offering a referral incentive to any Police Department employee who successfully referred a job applicant for a Police Officer vacancy. The referral bonus initiative was created in 2022 to address existing and upcoming vacancies that needed to be filled to provide optimal services to the community. The referral bonus costs have been absorbed in the Police Department's budget, and the initiative has been quite successful as most new sworn staff are the result of a referral.

Due to the hard-to-fill nature of these positions, the Town holds open-until-filled continuous recruitments for the Trainee, Pre-Service, and Lateral Officer positions. The Town views its current employees as the most valuable recruiters based on their knowledge of the organization, community interests, and public safety needs, the current employees are able to

PREPARED BY: Cheryl Parkman
Human Resources Director

Reviewed by: Town Manager, Assistant Town Manager, Town Attorney, and Finance Director

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evaluate individuals that may be interested and a positive reflection as a member of the Los Gatos-Monte Sereno Police Department.

Since 2022, based on the level of the successfully hired Officer, the Police Department employee was eligible for a different bonus amount as shown below:

- Entry Level Officer - \$3,000
- Pre-Service Officer - \$4,000
- Lateral Officer - \$5,000

Since the inception of the referral bonus for Police Department staff, three lateral Police Officers and three Police Trainees were hired through the referral bonus program for a total of \$24,000. Currently, all six of those employees referred remain with the Police Department. Although the referral bonus resulted in adding additional staff, six Police Officer positions remain vacant and other officers are on modified duty or protected leave. This has resulted in increased overtime costs for Patrol staff to cover vacant shifts and reductions in specialty duties and resources to the community.

DISCUSSION:

Due to the success of the current referral program, the Town proposed a modified referral bonus side letter agreement for a limited period of time that would increase the bonus amounts and expand the pool of employees that would be eligible to receive the bonus to POA, TEA, and AFSCME (Attachment 1). The increased amounts are shown below:

- Entry Level Officer - \$6,000
- Pre-Service Officer - \$8,000
- Lateral Officer - \$10,000

Each non-PERSable lump sum bonus would be paid in two tranches of 50% of the total amount based on milestones of each position. Employees can be eligible to receive more than one referral bonus, but the bonus cannot be split between two or more referring employees. A referrer cannot be part of the hiring process including the Los Gatos-Monte Sereno Police Personnel and Training Division or be a rank of Captain and above. The side letter would expire on June 30, 2025, after which time the referral bonus would revert to the initial program for Police Department employees.

Confidential employees are not subject to bargaining based on their status as at-will employees. However, the Police Hiring Referral Bonus will be extended to Confidential employees who are not in the Human Resources Department. Management employees will not be eligible for the referral bonus.

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CONCLUSION:

The Town satisfied its obligation to meet and confer with the three bargaining units, and each agreed to the terms. It is recommended that the side letter of agreement be approved, and the Town Manager be authorized to execute the side letter and approve Confidential employees to receive the same referral bonus.

COORDINATION:

This memo was coordinated with the Police Chief, Town Attorney, and Director of Finance.

FISCAL IMPACT:

The maximum liability for the referral bonus side letter is \$60,000 based on whether six laterals are referred. The referral bonus costs associated with this side letter would continue to be absorbed in the Police Department's Fiscal Year 2024/25 operating budget.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Police Hiring Referral Bonus Side Letter