

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE CITY OF FIFE AND THE FIFE POLICE GUILD – COMMISSIONED
REGARDING REQUIRED EMPLOYER AND EMPLOYEE DEDUCTIONS UNDER
OFF-DUTY CONTRACTS

1. Date and Parties. This Memorandum of Understanding (“MOU”) is dated for reference purposes the 29th day of January, 2019, and is entered into between the City of Fife (“City”) and the Commissioned Bargaining Unit of the Fife Police Guild (“Guild”).

2. General Recitals and MOU Purpose.

2.1 The Parties have entered into a Collective Bargaining Agreement with a term commencing on January 1, 2018 and ending on December 31, 2023 (“CBA”).

2.2 CBA section 31.1 requires that police related off duty and extra duty employment will be administered by the City, and through the City payroll. For ease of reference this type of work shall be referred to herein as “Off Duty Work”.

2.3 Pursuant to section 31.1 of the CBA the City has entered into off duty police services contracts with various entities, including Acme Delivery Services, Inc. (“Acme”), and the Western Washington Fair Association (“Fair”).

2.4 Under the terms of the Acme and Fair off duty contracts, the negotiated hourly rate of compensation to the City is an all-inclusive rate intended to fully reimburse the City for the City’s total cost of compensation for such work. As such, the City is required to deduct from the negotiated hourly rate, all required employer and employee deductions including FICA, Medicare, L&I, LEOFF, Federal Income Tax Withholding, Employment Security, and WA Paid FMLA.

2.5 The City recently discovered that it did not deduct the employer deductions from the hourly rate on the Acme and Fair contracts since their inception in 2017, resulting in an overpayment to Guild members working under the Acme and Fair contracts in the total amount of \$37,447.56 to date. (“Off-Duty Overpayment”). The City also failed to adjust the (State, Employer, State) LEOFF contribution as a pre-tax deduction which resulted in the Guild members paying Federal Income Tax under the Acme and Fair contracts (as a result of the wage overpayment) in the total amount of \$5,365.68 to date (“Tax Overpayment”).

2.7 The purpose of this MOU is to memorialize the parties’ resolution of these issues.

3. MOU Term. The Term of the MOU shall commence when it is signed by both parties shall continue in full force and effect during the CBA term.

4. Waiver of Overpayment. City agrees not to seek recovery of any of the Off-Duty Overpayment from the Guild members, and waives any right it may have to seek recovery of the Off-Duty Overpayment from the Guild members. Beginning with the February 10, 2019 payroll distribution, the City shall deduct from the negotiated hourly rate for the Acme and Fair off duty police services contracts, and all subsequent off-duty contract with an all-inclusive pay rate, all

City Manager  Guild Pres. 

required employer and employee deductions including, but not limited to, FICA, Medicare, L&I, LEOFF, Employment Security, and FMLA. The employer and employee deductions shall be calculated using the method set forth in Exhibit A attached hereto.

5. No Grievances. The Guild will not file any grievances or other legal claims against the City based on or regarding the City's prior handling of off-duty pay deductions under the Acme or Fair contracts.

6. Miscellaneous Provisions. The Parties acknowledge that they have freely and voluntarily entered into this MOU, after having been afforded the opportunity, if they so choose, to discuss the MOU with their respective legal counsel.



Hyun Kim, Fife City Manager

1/29/2019

Date Signed



Ryan Micenko, President
Fife Police Guild Commissioned Bargaining Unit

1/29/19

Date Signed

EXHIBIT A

ACME Rate Calculation

Officers Off-Duty				
	Tax Treatment		COF (ER)	Officer (EE)
Number of hours			1	1
Hourly Pay Rate:		\$ 65.00	\$ 65.00	\$ 65.00
Soc Security ER&EE	Taxed on Gross Wages	0.0620	\$ (4.03)	\$ (4.03)
FEDERAL EE (varies based individual withholding)	Federal Income Tax (Gross less pre-tax deductions)			Varies
Medicare ER&EE	Taxed on Gross Wages	0.0145	\$ (0.94)	\$ (0.94)
L & I ER (Hours X %)	Hours X Rate	0.0163	\$ (1.06)	
L&I EE (Hours X %)	Hours X Rate	0.3404		\$ (0.34)
FMLA Gross Wages X 0.040		0.040		
FMLA ER share of Medical Leave .3667	Taxed on Gross Wages	0.3667	\$ (0.95)	
FMLA EE share of Medical Leave .3000	Taxed on Gross Wages	0.3000		\$ (0.78)
FMLA EE share of Family Leave .3333	Taxed on Gross Wages	0.3330		\$ (0.87)
LEOFF (ER) Pre-Tax Deduction	Taxed on Gross Wages	0.0543		\$ (3.53)
LEOFF (EE) Pre-Tax Deduction	Taxed on Gross Wages	0.0875		\$ (5.69)
LEOFF(State) Pre-Tax Deduction	Taxed on Gross Wages	0.0350		\$ (2.28)
Employment Security ER	Taxed on Gross Wages	0.0040	\$ (0.26)	
		Total	\$ (6.99)	\$ (18.45)

Note: Taxes are subject to regulatory change.

Calculation to determine after employer rates have been taken.

ACME Hourly Rate	\$ 65.00
Employer Side	\$ (6.99)
Employee Side*	\$ (18.45)
Rate Net of Taxes	\$ 39.56

Does not include FIT as this varies based on withholding

Taxes in \$	
\$	(6.99)

ACME Paid Rate	\$ 65.00
Less ER Taxes	\$ (6.99)
New Rate	\$ 58.01

Officers Off-Duty				
	Tax Treatment		COF (ER)	Officer (EE)
Number of hours			1	1
Hourly Pay Rate:		\$ 58.01	\$ 58.01	\$ 58.01
Soc Security ER&EE (Paid on taxable income)	Taxed on Gross Wages	0.0620	\$ (3.60)	\$ (3.60)
FEDERAL EE (This amount varies based on deduction)	Federal Income Tax (Gross less pre-tax deductions)			Varies
Medicare ER&EE	Taxed on Gross Wages	0.0145	\$ (0.84)	\$ (0.84)
L & I ER (Hours X %)	Taxed on Gross Wages	0.0163	\$ (0.95)	
L&I EE (Hours X %)	Taxed on Gross Wages	0.3404		\$ (0.34)
FMLA Gross Wages X 0.040		0.040		
FMLA ER share of Medical Leave .3667	Taxed on Gross Wages	0.3667	\$ (0.85)	
FMLA EE share of Medical Leave .3000	Taxed on Gross Wages	0.3000		\$ (0.70)
FMLA EE share of Family Leave .3333	Taxed on Gross Wages	0.3330		\$ (0.77)
LEOFF (ER) Pre-Tax Deduction	Taxed on Gross Wages	0.0543		\$ (3.15)
LEOFF (EE) Pre-Tax Deduction	Taxed on Gross Wages	0.0875		\$ (5.08)
LEOFF(State) Pre-Tax Deduction	Taxed on Gross Wages	0.0350		\$ (2.03)
Employment Security ER	Taxed on Gross Wages	0.0040	\$ (0.23)	
		Total	\$ (6.23)	\$ (16.50)

Note: Taxes are subject to regulatory change.

ACME Hourly Rate	\$ 58.01
Employer Side	\$ -
Employee Side*	\$ (16.50)
Rate Net of Taxes	\$ 41.51

Does not include FIT as this varies based on withholding

Taxes in \$	
Employer Taxes	\$ -

Taxes	Employer	Employee
Before Rate Reduction	\$ 6.99	\$ 18.45
After Rate Reduction	\$ (6.23)	\$ (16.50)
Total	\$ 0.75	\$ 1.95

Fair Rate Calculation

Officers Off-Duty				
	Tax Treatment		COF (ER)	Officer (EE)
Number of hours			1	1
Hourly Pay Rate:		\$ 36.00	\$ 36.00	\$ 36.00
Soc Security ER&EE	Taxed on Gross Wages	0.0620	\$ (2.23)	\$ (2.23)
FEDERAL EE (varies based individual withholding)	Federal Income Tax (Gross less pre-tax deductions)			Varies
Medicare ER&EE	Taxed on Gross Wages	0.0145	\$ (0.52)	\$ (0.52)
L & I ER (Hours X %)	Hours X Rate	0.0163	\$ (0.59)	
L&I EE (Hours X %)	Hours X Rate	0.3404		\$ (0.34)
FMLA Gross Wages X 0.040		0.040		
FMLA ER share of Medical Leave .3667	Taxed on Gross Wages	0.3667	\$ (0.53)	
FMLA EE share of Medical Leave .3000	Taxed on Gross Wages	0.3000		\$ (0.43)
FMLA EE share of Family Leave .3333	Taxed on Gross Wages	0.3330		\$ (0.48)
LEOFF (ER) Pre-Tax Deduction	Taxed on Gross Wages	0.0543		\$ (1.95)
LEOFF (EE) Pre-Tax Deduction	Taxed on Gross Wages	0.0875		\$ (3.15)
LEOFF(State) Pre-Tax Deduction	Taxed on Gross Wages	0.0350		\$ (1.26)
Employment Security ER	Taxed on Gross Wages	0.0040	\$ (0.14)	
		Total	\$ (3.87)	\$ (10.37)

Note: Taxes are subject to regulatory change.

Calculation to determine after employer rates have been taken.

ACME Hourly Rate	\$ 36.00
Employer Side	\$ (3.87)
Employee Side*	\$ (10.37)
Rate Net of Taxes	\$ 21.76

Does not include FIT as this varies based on withholding

Taxes In \$
\$ (3.87)

ACME Paid Rate	\$ 36.00
Less ER Taxes	\$ (3.87)
New Rate	\$ 32.13

Officers Off-Duty				
	Tax Treatment		COF (ER)	Officer (EE)
Number of hours			1	1
Hourly Pay Rate:		\$ 32.13	\$ 32.13	\$ 32.13
Soc Security ER&EE (Paid on taxable income)	Taxed on Gross Wages	0.0620	\$ (1.99)	\$ (1.99)
FEDERAL EE (This amount varies based on deduction)	Federal Income Tax (Gross less pre-tax deductions)			Varies
Medicare ER&EE	Taxed on Gross Wages	0.0145	\$ (0.47)	\$ (0.47)
L & I ER (Hours X %)	Taxed on Gross Wages	0.0163	\$ (0.52)	
L&I EE (Hours X %)	Taxed on Gross Wages	0.3404		\$ (0.34)
FMLA Gross Wages X 0.040		0.040		
FMLA ER share of Medical Leave .3667	Taxed on Gross Wages	0.3667	\$ (0.47)	
FMLA EE share of Medical Leave .3000	Taxed on Gross Wages	0.3000		\$ (0.39)
FMLA EE share of Family Leave .3333	Taxed on Gross Wages	0.3330		\$ (0.43)
LEOFF (ER) Pre-Tax Deduction	Taxed on Gross Wages	0.0543		\$ (1.74)
LEOFF (EE) Pre-Tax Deduction	Taxed on Gross Wages	0.0875		\$ (2.81)
LEOFF(State) Pre-Tax Deduction	Taxed on Gross Wages	0.0350		\$ (1.12)
Employment Security ER	Taxed on Gross Wages	0.0040	\$ (0.13)	
		Total	\$ (3.45)	\$ (9.29)

Note: Taxes are subject to regulatory change.

ACME Hourly Rate	\$ 32.13
Employer Side	\$ -
Employee Side*	\$ (9.29)
Rate Net of Taxes	\$ 22.84

Does not include FIT as this varies based on withholding

Taxes In \$
\$ -

Taxes	Employer	Employee
Before Rate Reduction	\$ 3.87	\$ 10.37
After Rate Reduction	\$ (3.45)	\$ (9.29)
Total	\$ 0.42	\$ 1.08