MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF RAPID CITY AND FRATERNAL ORDER OF POLICE REGARDING CHANGES TO THE CITY'S COMPENSATION SCALE

This Memorandum of Understanding is made and entered into by and between the **CITY OF RAPID CITY**, a municipal corporation, and the **FRATERNAL ORDER OF POLICE, SOUTH DAKOTA LODGE, #2A.**

WHEREAS, the parties have entered into a Collective Bargaining Agreement covering the period from January 1, 2010 to December 31, 2013, hereinafter called the "Agreement"; and

WHEREAS, Appendix A of the Agreement establishes a wage scale for the members of the bargaining unit; and

WHEREAS, City employees, including members of the bargaining unit, have not received an annual salary step increase since 2009; and

WHEREAS, the suspension of the annual salary step increase has resulted in compression of the salaries of newer employees and other issues which have negatively impacted employee morale and the ability of the City to retain current employees; and

WHEREAS, the City's sales tax revenues for 2011 were higher than anticipated; and

WHEREAS, a proposal to increase employee compensation was approved by the City Council on January 17, 2012; and

WHEREAS, the proposal would provide additional salary step or partial step increases to all City employees including those in the bargaining unit;

NOW, THEREFORE, the parties agree that Appendix A of the Agreement be amended so that an additional half step be incorporated into the wage scale after all steps A through R and for all grades 9 through 20. In addition, all employees will be advanced on the new wage scale based on their years of service from their last date of hire with the City as shown on the following chart:

Year Hired	Longevity	Step February 1, 2012	Steps Since 1/2/2007 (Including 2/1/2012)
2007	4-year plus	0.5	2.5
2008	3-year	1.0	2.0
2009	2-year	1.5	1.5
2010	1-year	1.0	1.0
2011	new	0.5	0.5

(Based on full years of employment as of January 1, 2012. i.e. hired Dec 2010 = one year)

The changes implemented by this proposal will become effective with the pay period which includes February 1, 2012. The parties acknowledge that the pay increase covered by this MOU will be in lieu of any salary increase the union was entitled to in January 2012. The terms of this MOU in no way alter Appendix A of the contract which provides for a potential salary increase in July of 2012 based on the City's 2011 sales tax growth, or is it a waiver of any rights the parties have under the contract in 2013.

THE PARTIES FURTHER AGREE that the balance of the Collective Bargaining Agreement dated December 21, 2009, shall remain in full force and effect.

Dated this 21st day of February, 2012.

CITY OF RAPID CITY

Sam Kooiker, Mayor

ATTEST:

Assistant Finance Officer

(SEAL)

FRATERNAL ORDER OF POLICE

By: President