



**DATE:** June 13, 2017

**CATEGORY:** New Business

**DEPT.:** City Manager/Human Resources

**TITLE:** **Adopt a Resolution Governing Compensation for the International Association of Fire Fighters (IAFF), Local 1965**

### **RECOMMENDATION**

Adopt a Resolution Authorizing the City Manager or his Designee to Amend the Memorandum of Understanding Between the International Association of Fire Fighters, Local 1965, and the City of Mountain View, for the Period of July 1, 2017 through June 30, 2020, and Revise the City's Salary Plan to Reflect these Compensation Changes, to be read in title only, further reading waived (Attachment 1 to the Council report).

### **BACKGROUND AND ANALYSIS**

The previous Memorandum of Understanding (MOU) for the International Association of Fire Fighters, Local 1965 (IAFF), is scheduled to expire on June 30, 2017. The new proposed three-year agreement covers the period of July 1, 2017 to June 30, 2020.

IAFF represents approximately 68 nonmanagement sworn Fire employees (Fire Fighter, Fire Engineer, Fire Captain, etc.). City management representatives met with representatives of IAFF from March through June 2017.

In approaching compensation adjustments for employees, City management and bargaining groups committed to an interest-based process. The City values the work done by employees to provide high-quality services and facilities to the residents, employees, and visitors in Mountain View and the shared commitment to the fiscal health of the organization. Recognizing that employee-related costs represent the vast majority of the City's operating expenditures, the City's interests in adjusting compensation were to provide compensation packages which enable the City to meet the following objectives:

- To the extent possible, in light of the City's current favorable economic condition, provide above average total compensation in order to attract and retain employees

with the education, skills, and experience which enables them to provide quality services on behalf of the City.

- Ensure that employee compensation is financially sustainable, so that the City can continue to maintain a structurally balanced operating budget with ongoing revenues sufficient for ongoing expenditures, and can provide for long-term equipment and capital needs in order to maintain City service levels.
- Provide similar benefits to all employees in order to enhance administrative efficiencies and economies of scale in benefits costs.
- Consider compensation costs over a multi-year period while retaining the ability to respond to changing economic conditions.

The proposed resolution governing compensation for IAFF meets the City's interests in several ways. The proposed compensation increases base salaries in order to attract and retain employees in light of the high cost of living in the region and the relatively competitive labor market. To provide a competitive compensation proposal, the City considers factors such as: total compensation surveys as compared to local public agencies, Consumer Price Index (CPI), and the employees' continued commitment to paying an above average portion of the City's CalPERS employer rate. In the case of IAFF, consideration was also given to the higher pension cost share paid by this group's Classic Members.

The proposed changes to the IAFF MOU are detailed in the resolution included as Attachment 1. The changes are consistent with direction provided by Council in Closed Session meetings on labor negotiation terms. IAFF members ratified the terms of the agreement on June 4, 2017. In accordance with the Brown Act, the City Council reported out of its Closed Session on June 6, 2017 that the City and IAFF had concluded negotiations and reached a final agreement. The resolution serves as additional public reporting of action taken in Closed Session under the Brown Act relative to these employees.

Term: Three-year compensation package beginning July 1, 2017 and ending June 30, 2020.

4.0 Percent COLA Fiscal Year 2017-18: Effective the first pay period ending in July 2017, the City shall amend the salary plan to increase the salary ranges for all classifications of IAFF employees by a four percent (4.0%) cost-of-living adjustment (COLA).

3.0 Percent COLA and 1.0 Percent Salary Increase in Consideration of Continued Higher Cost Share Fiscal Year 2018-19: Effective the first pay period ending in July 2018, the City shall amend the salary plan to increase the salary ranges for all classifications of IAFF employees by four percent (4.0%), of which three percent (3.0%) is a COLA and one percent (1.0%) is a salary increase in consideration of IAFF Classic members continuing to pay the existing CalPERS Cost Share which is two percent (2.0%) higher than the cost share paid by other Classic safety employees.

2.0 Percent COLA and 1.0 Percent Salary Increase in Consideration of Continued Higher Cost Share Fiscal Year 2019-20: Effective the first pay period ending in July 2019, the City shall amend the salary plan to increase the salary ranges for all classifications of IAFF employees by three percent (3.0%), of which two percent (2.0%) is a COLA and one percent (1.0%) is a salary increase in consideration of IAFF Classic members continuing to pay the existing CalPERS Cost Share which is two percent (2.0%) higher than the cost share paid by other Classic safety employees.

One-Time Leave Hours: Effective the first pay period ending in July 2019, IAFF employees who are City employees on July 1, 2019, will receive a one-time contribution of forty-four (44) hours of leave time for shifted employees and thirty-one (31) hours of leave time for employees on a 40-hour schedule. This leave must be used by Pay Period 2, 2020, or any balance will be cashed out with the Pay Period 2 payroll.

Reopener on Salary and One-Time Leave Hours: Either IAFF or the City may reopen the MOU on the issue of salary and one-time leave hours only for Fiscal Year 2019-20 by giving the other party written notice by 5:00 p.m. on March 1, 2019. In that event, the parties will meet and confer in good faith over the issue of salary and one-time leave hours, and any adjustments in Fiscal Year 2019-20 will be by mutual agreement.

HazMat Classifications: HazMat I and II classifications will be merged into a single HazMat classification paid at five percent (5.0%) above the regular salary for each rank, which represents a two and one-half percent (2.5%) increase for six (6) HazMat I positions.

Paramedic Specialty Pay for Fire Captains: Effective the first pay period ending in July 2017, a maximum of six (6) Fire Captains who maintain their Paramedic Certification will be eligible for Paramedic Specialty Pay equivalent to seven and one half percent (7.5%) of top step Firefighter pay.

Specialty Pay for Fire Training Captain: Effective the first pay period ending in July 2017, the Fire Captain assigned to department training shall work a 40-hour schedule and receive thirteen percent (13.0%) specialty pay during such assignment.

Flexible Spending Account: Effective January 1, 2018, increase the maximum amount employees may contribute to a medical Flexible Spending Account from \$1,000 to \$2,500 annually, to be administered in accordance with IRS guidelines.

Vacation Cash Out: Effective July 1, 2017, employees are eligible to file an irrevocable election, in December of each year, to cash out vacation accrued in the payroll calendar year following the cash out election in accordance with IRS regulations and procedures set forth in the IAFF MOU.

Other Changes: Clean up and modification of MOU language to update and address operational issues in a variety of areas, including: bereavement leave; Citywide training on City holidays; vacation and floating holiday, scheduling, and usage; meal periods, holidays, and leave accrual/conversion for 40-hour personnel; overtime pay for 40-hour personnel working suppression shifts; out of class pay (e.g., overtime shifts and Tiller Operator); Career Development Program; minimum staffing (i.e., inclusion of Deputy Fire Chief, update to HazMat Team staffing and fatigue rule); tuition reimbursement; uniform and safety equipment; mandatory recall; exchange of days; jury duty; medical, retiree medical, vision care, and blood sample testing language.

## **FISCAL IMPACT**

The fiscal impact of the proposed COLAs and compensation package for all approved agreements for employees will be reflected in the Fiscal Year 2017-18 Adopted Budget and the General Operating Fund (GOF) Five-Year Financial Forecast (Forecast). The proposed compensation package for Fiscal Years 2017-18 and 2018-19 is projected to be able to be accommodated in those fiscal years, while maintaining a minimal operating balance. To increase the GOF balance, and based on historical data, staff is proposing to increase the projected Budget Savings by \$500,000 throughout the Forecast Period. Based on the current Forecast adjusted for the proposed increase to the Budget Savings and a reduction of the Lease Revenues at Risk from 15.0 percent to 10.0 percent in the GOF, the proposed compensation package is projected to require material funding from the Budget Contingency Reserve to balance the GOF in Fiscal Year 2019-20. Based on the current projections in the Forecast, the proposed compensation package is projected to cause increases to the deficits, without corrective actions, in the last two fiscal years of the Forecast (adjusted for the two items mentioned above). The City has retained the ability to reopen agreement terms related to salary and one-time leave hours for Fiscal Year 2019-20 should the City's fiscal condition require it to balance the City's budget.

**ALTERNATIVES**

1. Do not adopt the proposed resolutions governing compensation for IAFF employees and modifying the City's salary plan.
2. Provide other direction.

**PUBLIC NOTICING** – Agenda posting.

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Attachments: 1. Resolution – IAFF