



City of Sacramento City Council

915 I Street, Sacramento, CA, 95814

www.CityofSacramento.org

Meeting Date: 8/30/2011

Report Type: Consent

Title: Adoption of a Letter of Understanding (LOU) with the Sacramento Area Fire Fighters, Local 522 and FY2011/12 Fire Department budget adjustments

Report ID: 2011-00786

Location: Citywide

Recommendation: Adopt a Resolution: 1) approving an LOU covering employees in the Fire Department Unit through January 2, 2013, including the January 2013 salary schedule; 2) authorizing the City Manager to transfer \$53,000 from the General Fund Administrative Contingency to the FY2011/12 Fire Department labor budget to implement the extension of the Labor Agreement; 3) authorizing the addition of 1.0 full time equivalent (FTE) Administrative Fire Captain for the restored special operations (rescue, haz mat, etc.) programs; and 4) authorizing the City Manager to approve the reclassification of 6.0 FTE Firefighters to 3.0 FTE Fire Engineers and 3.0 FTE Fire Captains consistent with the terms of the LOU with 522 subject to a review of the budgetary impact.

Contact: John Green, Labor Relations Manager, 916-808-5095; Geri Hamby, Human Resources Director, 916-808-7173

Presenter:

Department: Human Resources

Division: Labor Relations

Dept ID: 08001511

Attachments:

- 1-Description/Analysis
- 2-Fire Consession (Attachment 1)
- 3-Fire Consession (Attachment 2)
- 4-Resolution
- 5-Exhibit A-2011 Letter of Understanding
- 6-Exhibit A1-2013 Salary Schedule
- 7-Exhibit B-Layoffs
- 8-Exhibit C-Step Increase Freeze

City Attorney Review

Approved as to Form
Brett Witter
8/29/2011 11:54:09 AM

Approvals/Acknowledgements

Department Director or Designee: Geri Hamby - 8/29/2011 10:03:21 AM

Assistant City Manager: Michelle Heppner - 8/29/2011 10:53:59 AM



Description/Analysis

Issue: Letter of Understanding: The 2008-2012 Labor Agreement for the Fire Department Unit expires January 2, 2012. The City of Sacramento entered into negotiations with Local 522 that resulted in agreement on the following major terms: (1) modification of the Labor Agreement expiration date to, and including, January 2, 2013; (2) deferral of a five percent (5%) salary range adjustment from January 1, 2012 to January 1, 2013; (3) extension of the letters of Understanding related to Layoffs and Step Increase (see Exhibits B and C); (4) effective January 1, 2013, require all personnel to pay six percentage points (6%) of the employer's percentage contribution to PERS retirement; (5) restoration of one (1) fire company during the term of the agreement; and (6) restoration of Rescue, Boat and Hazardous Materials operations for the remainder of FY11/12 with applicable assignment, incentive pay and promotional pay.

The agreement will result in approximately \$853,000 in net savings for the General Fund through the end of the contract (January 2, 2013).

Policy Considerations: Approval of the Resolution by the City Council fulfills the City's legal obligation under the Meyers-Millais-Brown Act, adheres to the City's positive labor-management relations concept, and provides labor stability to 2013.

Environmental Considerations: Not Applicable.

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: Wage and benefit concessions were sought from Local 522 in order to restore some of the services that were reduced in the Fire Department's FY2011/12 operating budget. The agreement reached succeeds in achieving that goal and includes long-term savings which will extend beyond the term of the agreement. In addition, the agreement begins the pension reform process by having employees share in the cost of their retirement plan.

Financial Considerations: The agreement will result in a cost of approximately \$53,000 in FY 2011/2012 with a total savings of approximately \$853,000 through the end of the contract (January 2, 2013). The net values include the cost of adding back the specialty units including the additional Captain position through the end of FY 2011/2012 and the restoration of one fire company through the end of the contract period. These restorations were funded with the concession of deferring the 5% COLA from January of 2012 to January of 2013. The 5% COLA (\$3.5 million) to be restored in January of 2013 has already been accounted for in the General Fund 5 year model.

In addition, permanent pension reform has been achieved with the agreement that employees will contribute 6% of salary and other reportable compensation valued at \$2.9 million per year for their PERS costs.

Emerging Small Business Development (ESBD): Not applicable.



Attachment 1

Additional Financial Information

The following summarizes the estimated contract savings/costs over the life on the extension of the Labor Agreement through January 2, 2013.

- FY2011/12** General Fund cost of \$53,000 resulting from the restoration of a fire company through the use of overtime (\$1.4 million) and specialty pay (\$0.388 million) combined with the 5% salary deferral (\$1.765 million) at January 1, 2012.
- FY2012/13** \$2.3 million in General Fund net savings from the midyear implementation of the employee PERS pickup effective January 1, 2013 and continuation of one fire company for six months (to the end of the contract period).
- Ongoing** The full annual impact of the 6% PERS contribution begins in FY2013/14 and is estimated at \$2.9 million.
- Contract** Approximately \$853,000 in savings over the term of the agreement (September 2011 through January 2, 2013) based on the current Sacramento Area Firefighters, Local 522 MOU.



Summary of Changes Covering the Fire Department Unit

WAGE AND BENEFIT CONCESSION LOU

Term of Agreement

The July 2, 2009 LOU which established a January 2, 2012 expiration for the agreement is hereby extinguished and replaced with a revised term which expires on January 2, 2013, or until such time as it is superseded by a new Agreement between the parties, whichever occurs later.

Salaries

The July 2, 2009 LOU required a five percent (5%) salary adjustment effective January 1, 2012. That requirement is extinguished by this LOU, and replaced with a five (5%) salary adjustment effective January 1, 2013.

The deferral of the 5% increase that was scheduled to occur on January 1, 2012 shall be considered a concession. The one year savings of that increase is estimated to be approximately \$3.5 million. This concession shall be used to restore one (1) company through overtime rather than hiring staff during the term of the agreement. The City conceptually agrees to fill Captain and Engineer functions associated with the restored company by promotion; however, the City reserves the right not to do so based on budgetary impact.

Continuation of Letters of Understanding

The Letters of Understanding (Layoffs and Two Year Step Increase Freeze) at Exhibits B and C, each dated July 2, 2009 are hereby incorporated and shall remain in effect during the term of this agreement.

Layoffs – The original LOU regarding layoffs required that the City not layoff any employees in the classification of Firefighter, Fire Engineer, Fire Captain, Fire Investigator, or Fire Prevention Officer, and that there be no mandatory furloughs except as otherwise agreed upon. The current LOU will extend this agreement only to the extent that it prevents the City from imposing mandatory furloughs on these job classifications until January 2, 2013.

Step Increase Freeze – Effective July 4, 2009, employees not at the top of their salary range had their salary steps frozen until January 1, 2012 at which time step increases will be reinstated. Employees who are not at that top step of their salary range will be

advanced to the salary step they would have been on had their salary step increases not been suspended.

Retirement

Effective January 1, 2013, Article 23.3, EMPLOYEE PERS COST SHARING, will be added and contain the following:

- a. Effective January 1, 2013, all personnel shall pay six percentage points (6%) of the employer's percentage contribution to PERS retirement.
- b. Payment will be deducted on a pre-tax basis and applied toward the employer's contribution pursuant to IRC 414(h) (2) and Government Code Section 20516 and maintained in the employee's PERS account.
- c. This is contingent on PERS approval and satisfying all PERS and IRS requirements.
- d. In the event that PERS finds that there is not sufficient cost share capacity for 6% or other requirements of PERS have not been met, the parties agree that the difference will be deducted from the employee's pay via a payroll deduction on a pre-tax basis to the extent permitted by law. The parties recognize that a deduction via this approach will not be maintained in the employee's PERS account. The tax status of this deduction shall be based on IRS requirements.

Restoration of Rescue, Boat and Haz Mat Operations

The City agrees to restore Rescue, Boat and Haz Mat operations for the remainder of FY11/12 starting on the first day of the pay period following completion of administrative personnel actions necessary to restore assignment, incentive pay and promotional pay.



RESOLUTION NO. _____

Adopted by the Sacramento City Council

(DATE)

**Amendment to the Memorandum of Understanding with the Fire Department Unit
to include the Letter of Understanding (LOU) and 2013 Salary Schedule
(2008 – 2013)**

BACKGROUND

- A. The 2008-2012 Labor Agreement for the Sacramento Area Fire Fighters, Local 522 expires January 2, 2012. The City of Sacramento entered into negotiations with Local 522 that resulted in a tentative agreement.
- B. Pursuant to the Meyers-Milias-Brown Act, which governs public sector collective bargaining, the City has met and conferred with the Sacramento Area Fire Fighters, Local 522 which is the recognized employee organization for employees in the Fire Department Unit, regarding a one year (12 month) contract extension, deferral of the 2012 salary adjustment, delay in step increases, and retirement contributions.
- C. The parties have reached an agreement on the terms and conditions of employment, including contract extension through January 2, 2013, 5% salary deferral, 5% salary adjustment, 6% employee paid public employees retirement system (PERS) pick up, the restoration of specialty pay including an administrative position (1.0 FTE), and the restoration of 1 fire company through the use of overtime for the Fire Department Unit. The letter of understanding which describes these terms are in Exhibits A, A-1, B and C.
- D. The terms of the agreement are consistent with the obligations of the City to bargain in good faith, are in line with the City's strategic goals and serve the interests of the City and the community by continuing positive labor relations.

**BASED ON THE FACTS SET FORTH IN THE APPENDICES, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- 1. The Letter of Understanding covering employees in the Fire Department Unit through January 2, 2013, which includes the January 2013 salary schedule, is approved.

2. The City Manager is authorized to transfer \$53,000 from the General Fund Administrative Contingency to the FY2011/12 Fire Department labor budget to implement the extension of the Labor Agreement.
3. The addition of 1.0 full time equivalent (FTE) Administrative Fire Captain for the restored special operations (rescue, haz mat, etc.) programs is approved.
4. The City Manager is authorized to approve the reclassification of 6.0 FTE Firefighters to 3.0 FTE Fire Engineers and 3.0 FTE Fire Captains consistent with the terms of the agreement with 522 subject to a review of the budgetary impact.
5. The amendment referenced in Section 1 is attached hereto as Exhibits A, A-1, B and C, and is a part of this resolution.



OFFICE OF THE
CITY MANAGER

CITY OF SACRAMENTO
CALIFORNIA

CITY HALL
915 I STREET
5TH FLOOR
SACRAMENTO, CA
95814-2604

PH 916-808-5704
FAX 916-808-7618

August 23, 2011

Mr. Jaymes Butler, Municipal Vice-President
Sacramento Area Fire Fighters, Local 522
3720 Folsom Blvd.
Sacramento, CA 95816

**Re: Letter of Understanding (LOU) regarding the Tentative Agreement
dated August 1, 2011**

Dear Mr. Butler:

This letter is to confirm the agreement reached between the City of Sacramento and the Sacramento Area Fire Fighters, Local 522.

Specifically, it is agreed as follows:

1. The July 2, 2009 LOU regarding term of agreement is hereby extinguished and is replaced with the following:

Effective July 28, 2009, Article 26.7a will be modified as follows:

This Agreement shall remain in full force and effect from April 29, 2008 to January 2, 2013, or until such time as it is superseded by a new Agreement between the parties, whichever occurs later.

2. The July 2, 2009 LOU regarding salaries is hereby extinguished and is replaced with the following:

Effective June 20, 2009, Article 6.3, 2009-2010 Salaries, of the existing Memorandum of Understanding (MOU) between the parties will be replaced with the following and Exhibit A-2 will be deleted:

ARTICLE 6.3 2012-2013 SALARIES

Effective January 1, 2013, salary ranges in terms of bi-weekly rates shall be adjusted by five percent (5%), and are set forth in Exhibit A-1 as attached.

3. The Letters of Understanding (Layoffs and Step Increases) dated July 2, 2009 as attached are hereby incorporated and shall remain in effect during the term of this agreement.
4. Effective January 1, 2013, Article 23.3, EMPLOYEE PERS COST SHARING will be added and contain the following:
 - a. Effective January 1, 2013, all personnel shall pay six percentage points (6%) of the employer's percentage contribution to PERS retirement.
 - b. Payment will be deducted on a pre-tax basis and applied toward the employer's contribution pursuant to IRC 414(h) (2) and Government Code Section 20516 and maintained in the employee's PERS account.
 - c. This is contingent on PERS approval and satisfying all PERS and IRS requirements.
 - d. In the event that PERS finds that there is not sufficient cost share capacity for 6% or other requirements of PERS have not been met, the parties agree that the difference will be deducted from the employee's pay via a payroll deduction on a pre-tax basis to the extent permitted by law. The parties recognize that a deduction via this approach will not be maintained in the employee's PERS account. The tax status of this deduction shall be based on IRS requirements.
5. The deferral of 5% increase that was schedule to occur on January 1, 2012 shall be considered a concession. The one year savings of that increase is estimated to be approximately \$3.5 million. This concession shall be used to restore one (1) company through overtime rather than hiring staff during the term of the agreement. The City conceptually agrees to fill Captain and Engineer functions associated with the restored company by promotion; however, the City reserves the right to not do so based on budgetary impact.
6. The City agrees to restore Rescue, Boat and Haz Mat operations for the remainder of FY11-12 following the effective date of the LOU starting on the first day of the pay period following completion of administrative personnel actions necessary to restore assignment, incentive pay and promotional pay.
7. The parties shall work cooperatively and in a timely manner to implement the terms of this agreement.
8. The provisions of this Agreement shall be effective on the date this LOU is approved by the Sacramento City Council in open session.

Jaymes Butler
Re: Tentative Agreement LOU
August 23, 2011
Page 3

If this is your understanding of the agreement reached, please sign as indicated below and return to John Green, Labor Relations Manager. I have enclosed an additional copy with an original signature for your file.

Sincerely,



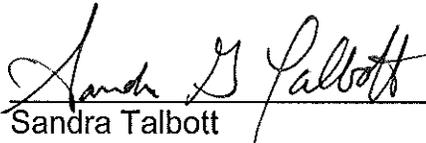
WILLIAM H. EDGAR
Interim City Manager

AGREED TO:



Mr. Jaymes Butler, Municipal Vice-President
Sacramento Area Fire Fighters, Local 522

APPROVED AS TO FORM:

 8-23-11
Sandra Talbott Date
Assistant City Attorney

Attachments:

- 1) LOU, Layoffs
- 2) LOU, Step Increases
- 3) 2013 Salary Schedule – Exhibit A-1



CUSALSCH

City of Sacramento

Salary Schedule

As of 1/1/2013

SAC Fire Fighters

eCAPS

Page No. 1
Run Date 8/22/2011
Run Time 10:42:04

Job Code \ Description		Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8
005170 \ Fire Battalion Chief	Yearly	97,382.73	102,251.87	107,364.46	112,732.68	118,369.32			
FR56 \ 007 \ FirBatChf FR56GRD007	Bi - weekly	3,745.49	3,932.76	4,129.40	4,335.87	4,552.67			
	Hourly	33.441872	35.113966	36.869664	38.713147	40.648804			
005020 \ Fire Captain	Yearly	75,513.91	79,289.60	83,254.08	87,416.78	91,787.62			
FR56 \ 002 \ FireCapt FR56GRD002	Bi - weekly	2,904.38	3,049.60	3,202.08	3,362.18	3,530.29			
	Hourly	25.931973	27.228571	28.590000	30.019500	31.520475			
005150 \ Fire Captain (Paramedic)	Yearly	78,534.51	82,461.24	86,584.30	90,913.51	95,459.19			
FR56 \ 005 \ FirCapPar FR56GRD005	Bi - weekly	3,020.56	3,171.59	3,330.17	3,496.67	3,671.51			
	Hourly	26.969269	28.317732	29.733619	31.220300	32.781315			
005050 \ Fire Engineer	Yearly	66,794.19	70,133.90	73,640.60	77,322.63	81,188.76			
FR56 \ 003 \ FireAppOpr FR56GRD003	Bi - weekly	2,569.01	2,697.46	2,832.33	2,973.95	3,122.64			
	Hourly	22.937566	24.084444	25.288667	26.553100	27.880755			
005141 \ Fire Engineer (PAR)	Yearly	69,465.90	72,939.19	76,586.15	80,415.46	84,436.24			
FR56 \ 004 \ FAOPara FR56GRD004	Bi - weekly	2,671.77	2,805.35	2,945.62	3,092.90	3,247.55			
	Hourly	23.855048	25.047800	26.300190	27.615200	28.995960			
005067 \ Fire Investigator I	Yearly	66,799.33	70,139.30	73,646.26	77,328.58	81,195.01			
FR40 \ 004 \ FireInvI FR40GRD004	Bi - weekly	2,569.21	2,697.67	2,832.55	2,974.18	3,122.88			
	Hourly	32.115063	33.720816	35.406857	37.177200	39.036060			
005068 \ Fire Investigator II	Yearly	75,478.87	79,252.81	83,215.45	87,376.22	91,745.04			
FR40 \ 005 \ FireInvII FR40GRD005	Bi - weekly	2,903.03	3,048.19	3,200.59	3,360.62	3,528.66			
	Hourly	36.287917	38.102313	40.007429	42.007800	44.108190			
005065 \ Fire Prevention Officer I	Yearly	57,874.00	60,767.70	63,806.08	66,996.38	70,346.20			
FR40 \ 002 \ FPOI FR40GRD002	Bi - weekly	2,225.92	2,337.22	2,454.08	2,576.78	2,705.62			
	Hourly	27.824036	29.215238	30.676000	32.209800	33.820290			
005066 \ Fire Prevention Officer II	Yearly	62,463.16	65,586.32	68,865.63	72,308.91	75,924.36			
FR40 \ 003 \ FPOII FR40GRD003	Bi - weekly	2,402.43	2,522.55	2,648.68	2,781.11	2,920.17			
	Hourly	30.030364	31.531882	33.108476	34.763900	36.502095			
005064 \ Fire Prevention Officer Trnee	Yearly	45,370.42	47,638.94						
FR40 \ 001 \ FPOTmA-B FR40GRD001	Bi - weekly	1,745.02	1,832.27						
	Hourly	21.812700	22.903335						



CUSALSCH

City of Sacramento
Salary Schedule
As of 1/1/2013
SAC Fire Fighters

eCAPS

Page No. 2
 Run Date 8/22/2011
 Run Time 10:42:04

<u>Job Code \ Description</u>		<u>Step 1</u>	<u>Step 2</u>	<u>Step 3</u>	<u>Step 4</u>	<u>Step 5</u>	<u>Step 6</u>	<u>Step 7</u>	<u>Step 8</u>
<u>Salary Plan \ Grade \ Descr</u>									
005010 \ Firefighter	Yearly	56,211.50	59,022.08	61,973.18	65,071.84	68,325.44			
FR56 \ 001 \ FireFightr FR56GRD001	Bi - weekly	2,161.98	2,270.08	2,383.58	2,502.76	2,627.90			
	Hourly	19.303401	20.268571	21.282000	22.346100	23.463405			
005160 \ Firefighter (Par)	Yearly	61,832.63	64,924.26	68,170.47	71,579.00	75,157.95			
FR56 \ 006 \ FFPara FR56GRD006	Bi - weekly	2,378.18	2,497.09	2,621.94	2,753.04	2,890.69			
	Hourly	21.233733	22.295420	23.410190	24.580700	25.809735			
005159 \ Senior Fire Prevention Officer	Yearly	68,748.48	72,185.91	75,795.20	79,584.96	83,564.21			
FR40 \ 007 \ SrFPO FR40GRD007	Bi - weekly	2,644.17	2,776.38	2,915.20	3,060.96	3,214.01			
	Hourly	33.052154	34.704762	36.440000	38.262000	40.175100			



**OFFICE OF LABOR
RELATIONS**

**CITY OF SACRAMENTO
CALIFORNIA**

915 I STREET
ADMIN BLDG, ROOM 4133
SACRAMENTO, CA
95814-2604

DEE CONTRERAS
DIRECTOR

July 2, 2009

PH 916-808-5424
FAX 916-808-8110

Mr. Jed Kircher, Municipal Vice-President
Sacramento Area Fire Fighters, Local 522
3101 Stockton Boulevard
Sacramento, CA 95820-1416

Re: Agreement Regarding Layoffs

Dear Mr. Kircher:

This is to confirm the agreement between the City of Sacramento and the Sacramento Area Fire Fighters, Local 522 regarding layoffs. Specifically, it is agreed, as follows:

1. The City will not lay off any employees in the classifications of Firefighter, Fire Engineer, Fire Captain, Fire Investigator, or Fire Prevention Officers in Fiscal Year 2009-2010.
2. There will be no mandatory furloughs except as otherwise agreed to.

If this is your understanding of the agreement reached, please sign and date as indicated below and return one copy to my office. I have enclosed an additional original for your files.

Sincerely,

Edward J. Takach
Labor Relations Officer

AGREED TO:

Jed Kircher, Municipal Vice-President
Sacramento Area Fire Fighters, Local 522



**OFFICE OF LABOR
RELATIONS**

CITY OF SACRAMENTO
CALIFORNIA

915 I STREET
ADMIN BLDG, ROOM 4133
SACRAMENTO, CA
95814-2604

DEE CONTRERAS
DIRECTOR

July 2, 2009

PH 916-808-5424
FAX 916-808-8110

Mr. Jed Kircher, Municipal Vice-President
Sacramento Area Fire Fighters, Local 522
3101 Stockton Boulevard
Sacramento, CA 95820-1416

Re: Agreement Regarding Step Increases

Dear Mr. Kircher:

This is to confirm the agreement between the City of Sacramento and the Sacramento Area Fire Fighters, Local 522 regarding the step increases in the existing Memorandum of Understanding (MOU) between the parties. Specifically, it is agreed, as follows:

1. Effective July 4, 2009, employees who are not at the top step of their salary range will have their salary step frozen until January 1, 2012. For example, Employee A is at Step 3 and is due to advance to Step 4 on September 12, 2009. Employee A's advancement to that step will be suspended until January 1, 2012.
2. Effective January 1, 2012, the provisions of Article 7.2a., ADVANCEMENT IN RATE OF COMPENSATION, Advancement in Steps, will be reinstated. Employees who are not at the top step of their salary range will be advanced to the salary step they would have been on had their salary step increases not been suspended

If this is your understanding of the agreement reached, please sign and date as indicated below and return one copy to my office. I have enclosed an additional original for your files.

Sincerely,

Edward J. Takach
Labor Relations Officer

AGREED TO:

Jed Kircher, Municipal Vice-President
Sacramento Area Fire Fighters, Local 522