



**City of Sacramento
City Council**

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915 I Street, Sacramento, CA, 95814
www.CityofSacramento.org

Meeting Date: 7/19/2012

Report Type: Consent

Title: Agreement: Labor Agreement with the Sacramento Area Fire Fighters, Local 522

Report ID: 2012-00643

Location: Citywide

Recommendation: Pass 1) a Motion approving the agreement between the City of Sacramento and the Sacramento Area Fire Fighters, Local 522 (Local 522), covering employees in the Fire Department Unit (Representation Unit 05); and 2) a Resolution (a) amending the Fiscal Year (FY) 2012/13 Approved Budget to restore 62 full-time equivalent positions, including the reclassification of 12 Firefighters to 6 Fire Captains and 6 Fire Engineers, as needed to implement the terms and conditions of the labor agreement between the City of Sacramento and Local 522, and (b) authorizing the City Manager to increase the Fire Department's labor budget by \$470,077 to cover the cost of promotions and the restoration of specialty pay for Boat, Hazardous Materials, and Rescue operations.

Contact: Mark Gregersen, Director of Labor and Workforce Strategy, (916) 808-8974; Geri Hamby, Director of Human Resources, (916) 808-7173

Presenter: None

Department: Human Resources

Division: Labor Relations

Dept ID: 08001511

Attachments:

- 1-Description/Analysis
- 2-LaborAgreement-2012.07.06(Local522)
- 3-Resolution

City Attorney Review

Approved as to Form
Brett Witter
7/9/2012 4:55:39 PM

City Treasurer Review

Reviewed for Impact on Cash and Debt
John Colville
7/3/2012 11:00:27 AM

Approvals/Acknowledgements

Department Director or Designee: Geri Hamby - 7/6/2012 10:56:52 AM

Sandra Talbott, Interim City Attorney

Shirley Concolino, City Clerk
John F. Shirey, City Manager

Russell Fehr, City Treasurer

Description/Analysis

Issue: The City of Sacramento entered into discussions with the Sacramento Area Fire Fighters, Local 522 (Local 522), which represents employees in the Fire Department Unit (Representation Unit 05). These discussions resulted in the following major terms of a Letter of Understanding (LOU) (Attachment 2):

- The current contract will be extended for 6 months through June 28, 2013,
- Employees will pay 3% of the employer pick-up of the employee's share of retirement costs, effective June 30, 2012,
- Maintain the previously approved 5% general salary increase effective December 29, 2012,
- Employees to pay an additional 6% of the employer pick-up of the employee's share of retirement costs effective December 29, 2012,
- No layoff of bargaining unit personnel during FY2012/13, excluding grant funded/fully reimbursed positions.

The City has been informed by the Municipal Vice-President of Local 522, Ryan Henry, and the President of Local 522, Brian Rice, that ratification meetings were held on June 27 through June 29 and that Local 522 members successfully ratified the terms of the LOU.

Policy Considerations: Approval of this action by the City Council is consistent with the City's legal obligations under the Meyers-Milias-Brown Act, adheres to the City's positive labor-management relations concept, and provides labor stability.

Economic Impacts: None.

Environmental Considerations: Not applicable.

Sustainability: Not applicable.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: The 2008-2010 Labor Agreement between the City and Local 522 had been previously extended through January 2, 2013, pursuant to the terms of an LOU dated August 23, 2011 (Resolution 2011-509). That same LOU also requires that Local 522 members begin contributing 6% to their retirement starting in 2013.

The approval of this action will extend the City's Agreement with Local 522 to June 28, 2013. It will also generate long-term savings for the City due, in part, to the increased retirement contribution of Local 522 members paying 9% of the employer pick-up of the employee's share of retirement costs effective December 29, 2012.

The adoption of this LOU will also:

- Provide for the restoration of rescue, boat and hazardous materials operations (Special Operations) including the restoration of the Fire Captain responsible for these operations for FY2012/13;

- Restore 62 full-time equivalent (FTE) Local 522 positions (inclusive of the Fire Captain for Special Operations); and
- Avoid layoffs and provide layoff protection, with the exclusion of grant funded/fully reimbursed positions, through FY2012/13.

Financial Considerations: Approval of this action will restore 62 FTE positions, provide for the restoration of Special Operations through FY2012/13, and provide the staffing resources necessary for the implementation of the Staffing for Adequate Fire & Emergency Response (SAFER) grant at an approximate cost of \$4.1 million. This will be offset by approximately \$1.53 million in reduced retirement costs to the City, increased revenues of approximately \$1.7 million, and departmental operational savings of approximately \$462,000. Additionally the FY2012/13 Midyear review will include recommendations to address the \$428,000 in one-time costs associated with restoring the Special Operations program.

Emerging Small Business Development (ESBD): Not applicable.



HUMAN RESOURCES DEPARTMENT
LABOR RELATIONS DIVISION

CITY OF SACRAMENTO
CALIFORNIA

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

GERI HAMBY
DIRECTOR

FAX 916-808-8110

July 6, 2012

Ryan Henry
Municipal Vice-President
Sacramento Area Fire Fighters, Local 522
3720 Folsom Blvd.
Sacramento, CA 95820-1416

RE: Letter of Understanding (LOU) Regarding the Tentative Agreement Dated June 11, 2012

Dear Mr. Henry:

This letter is to confirm the agreement reached between the City of Sacramento and the Sacramento Area Fire Fighters, Local 522 regarding amendments and additions to their 2008-2010 Memorandum of Understanding (MOU) as set forth herein. The parties agree to the following terms:

1. The August 23, 2011, LOU regarding the Tentative Agreement dated August 1, 2011, is hereby extinguished. This LOU shall not extinguish or revive any other LOU signed by the parties except to the extent that such LOUs are inconsistent with the terms of this Agreement or have expired.
2. Effective July 19, 2012, MOU Article 26.7(a), TERM, is amended as follows:

ARTICLE 26.7(a), TERM

This Agreement shall remain in full force and effect from April 29, 2008, to and including June 28, 2013, or until such time as it is superseded by a new Agreement between the parties, whichever occurs later.

3. Effective July 19, 2012, MOU Article 6.3, 2009-2010 SALARIES, including Exhibit A-2, is amended as follows:¹

ARTICLE 6.3, 2012-2013 SALARIES

Effective December 29, 2012, salary ranges in terms of bi-weekly rates shall be adjusted by five percent (5%).

4. There shall be no layoffs of bargaining unit personnel during Fiscal Year 2012-13, with the exception of layoffs associated with the loss of grant funding or the loss of funding related to fully reimbursed positions.
5. Effective July 19, 2012 , MOU Article 23.3, EMPLOYEE PERS COST SHARING, is added as follows:
 - a. Effective June 30, 2012, all bargaining unit personnel shall pay three percentage points (3%) of the employer's contribution to PERS retirement.
 - b. Effective December 29, 2012², all bargaining unit personnel shall pay an additional six percentage points (6%) for a total of nine percentage points (9%) of the employer's contribution to PERS retirement.
 - c. The payments referenced in this Article 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. 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 a nine percent (9%) cost share, or other requirements of PERS are not 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.
 - e. In the event there is a change in California law requiring all employees to pay the member contribution to PERS, the employees' payment of the employer's share of PERS pursuant to this Agreement shall decrease in an amount equal to the required employee contribution to PERS.

¹ This salary increase was originally set to be implemented on June 20, 2009, pursuant to the 2008-2010 MOU. The parties agreed to delay implementation until January 1, 2012, pursuant to a July 2, 2009, LOU. The parties agreed to a second delay in implementation until January 1, 2013, pursuant to a August 23, 2011, LOU. This amendment merely corrects the date of implementation for that increase so that it falls at the beginning of a pay period. Salary and benefit change implementation dates for the City always start at the beginning of a pay period.

² Same as previous footnote.

6. The City agrees to restore Rescue, Boat and HAZMAT operations for FY 2012-13.
7. The August 23, 2011, LOU regarding the Staffing for Adequate Fire and Emergency Response (SAFER) Grant Out-of-Class Assignments dated August 23, 2011, is hereby extinguished. The City shall promote six (6) Fire Captains and six (6) Fire Engineers to fill positions previously filled with actors under the LOU. The promotions will occur as soon as administratively feasible, but no earlier than June 30, 2012, nor later than August 31, 2012, provided that candidates are available to participate in any required selection process.
8. FY 2012-13 Fire Department revenues and expenditures will be continually evaluated by City staff. If actual budgetary results for the Fire Department are estimated to be positive at the end of the fiscal year, the City Manager shall recommend to the City Council that additional resources be applied to the Fire Department in the following priority order: 1) overall Fire Department budget; 2) restoration of the additional fire company scheduled for brownout at the end of December 2012 pursuant to the existing contract; and 3) restoration of the additional previously staffed browned out fire companies through overtime rather than hiring and promoting staff. Revenues will include ambulance fees, AB 678, and any other Fire Department revenues.
9. Upon notification of ratification of this Agreement by the Union, the City Manager shall recommend to the City Council that the authorized number of Local 522 represented FTEs (positions) be 539 for FY2012/13.
10. The parties shall work cooperatively and in a timely manner to implement the terms of this agreement.
11. The provisions of this Agreement shall be effective on the date this LOU is approved by the Sacramento City Council in open session.

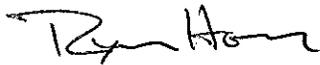
If this is your understanding of the agreement reached, please sign as indicated below and return one original to Tosha Cherry, Labor Relations Manager. I have enclosed an additional copy with an original signature for your file.

Sincerely,

John F. Shirey
City Manager

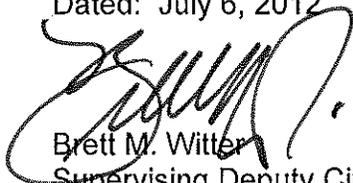
Ryan Henry
July 6, 2012
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AGREED TO:



Ryan Henry, Municipal Vice-President
Sacramento Area Fire Fighters, Local 522

Approved as to form
Dated: July 6, 2012



Brett M. Witter
Supervising Deputy City Attorney



RESOLUTION NO _____

AMENDING THE FY2012/13 OPERATING BUDGET FOR THE FIRE DEPARTMENT

BACKGROUND

- A. The 2008-2010 Labor Agreement between the City and the Sacramento Area Fire Fighters, Local 522 (Local 522), was extended through January 2, 2013, pursuant to the terms of an LOU dated August 23, 2011 (Resolution 2011-509).
- B. The City entered into concession bargaining with Local 522, which represents employees in the Fire Department Unit (Representation Unit 05).
- C. The negotiations resulted in a Letter of Understanding (LOU).
- D. The City has been informed by the Municipal Vice-President of Local 522, Ryan Henry, and the President of Local 522, Brian Rice, that ratification meetings were held on June 27 through June 29, and that Local 522 members successfully ratified the terms of the LOU.
- E. The adoption of this LOU will allow the City to continue to provide services that were reduced or eliminated in the Approved FY2012/13 Operating Budget (Resolution 2012-185).

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

- Section 1. The FY2012/13 Operating Budget is amended to restore 62 full-time equivalent positions, including the reclassification of 12 Firefighters to 6 Fire Captains and 6 Fire Engineers, to implement the terms and conditions of the labor agreement between the City of Sacramento and the Sacramento Area Fire Fighters, Local 522.
- Section 2. The City Manager is authorized to increase the Fire Department's labor budget by \$470,077 to cover the cost of promotions and the restoration of the specialty pay for Boat, Hazardous Materials, and Rescue operations.