TO:       HONORABLE CITY COUNCIL
FROM:    CITY MANAGER                            DEPARTMENT:  HUMAN RESOURCES
AGENDA DATE:  APRIL 4, 2005                      CMR:  123:05
SUBJECT:  APPROVAL OF RESOLUTIONS ADOPTING MEMORANDUM OF AGREEMENT BETWEEN CITY OF PALO ALTO AND THE PALO ALTO FIRE CHIEFS’ ASSOCIATION AND ADOPTING COMPENSATION PLAN FOR PALO ALTO FIRE CHIEFS’ ASSOCIATION MANAGEMENT PERSONNEL

RECOMMENDATION

Staff recommends that Council approve the attached resolutions amending Section 1801 of the Merit System Rules and Regulations regarding the Memorandum of Agreement between the City of Palo Alto and the Fire Chiefs’ Association and adopting a Compensation Plan for Fire Chiefs’ Association management personnel.

BACKGROUND

A one-year Memorandum of Agreement with the Fire Chiefs’ Association management personnel expired June 30, 2004. Negotiations for a successor agreement began in May, continued until December 2004 and ended with a two-year agreement, which has been ratified by the Association membership. The Agreement covers the Fire Chiefs’ Association management personnel for the period beginning July 1, 2004 and ending June 30, 2006.

DISCUSSION

The Memorandum of Agreement (Attachment A) amends the Compensation Plan (Attachment B). Both documents indicate changes by shading and strikeout. New provisions of the Agreement are as follows: Effective with the pay period including July 1, 2004, the agreement provides for a 3% salary increase; a 3% salary increase in July 1, 2005; and a 1 to 1-1/2% salary increase in January 1, 2006 (based on labor market data).

- Unit members agree to voluntarily contribute to cost savings measures by a variety of agreed methods as outlined in the Memorandum of Agreement, including taking time off when doing so would not trigger overtime work by others, donating vacation time, and/or donating unused professional development funds, with the goal of cost savings of 1% of salary. The
• Emergency Services Coordinator Position, added to the City’s table of organization on July 1, 2004, is relocated from the IAFF unit to this unit.

• The Chief Officer Emergency Operations position is retitled “Emergency Medical Services Chief.” A corresponding change in the Table of Organization will be made with the adoption of the City’s next budget.

• The unit includes one job classification, shift Battalion Chief (56-hour work week) for which overtime pay can be authorized. Those employees, who work a 56-hour schedule, are entitled to receive overtime pay but not management annual leave. All other unit members are entitled to management annual leave but are not eligible for overtime pay.

• In addition to the 3% salary increase, which is effective for the July 1, 2004 pay period, the City will increase salaries by $40 per month as of that date and discontinue paying Long Term Disability coverage (equivalent to $40 per month). This $40 salary increase will be excluded from the compensation base used in the 2005 and 2006 pay increases.

• Effective January 1, 2005, the maximum City contribution for health care coverage will change from the Police Officers Research Association of California (PORAC) premium rate to Blue Shield.

• Effective July 1, 2004, the Professional Development program reimbursement for authorized self-improvement activities will be amended to grant each represented employee up to a maximum of $500 per fiscal year (instead of up to $1500) and provides the option of receiving the remaining $1000 as taxable cash or as a contribution to deferred compensation.

RESOURCE IMPACT

The annual cost impacts from this agreement are as follows:

1. The 3 percent salary increase on July 1, 2004 results in an annual incremental increase of $26,400 in salaries and benefits. These costs were included in the 2004-05 budget. There is a provision in the MOA for a voluntary, one-time savings of 1 percent of salary that equals $8,800. These savings are not included in the 2004-05 budget.

2. The 3 percent salary increase on July 1, 2005 combined with a 1.5 percent increase on January 1, 2006 results in an annual incremental increase of $27,400. The increases in 2005-06 will be incorporated in the 2005-06 budget process if Council approves this agreement.

POLICY IMPLICATIONS

This report does not represent any change to existing City policies.
ENVIRONMENTAL REVIEW

This is not a project for purposes of the California Environmental Quality Act.

ATTACHMENTS

A. Resolution Amending Section 1801 of the Merit System Rules and Regulations
B. Resolution Adopting Compensation Plan for Palo Alto Fire Chiefs’ Association

DEPARTMENT HEAD REVIEW:__________________________
RUSS CARLSEN
Acting Director of Human Resources

CITY MANAGER APPROVAL:__________________________
EMILY HARRISON
Assistant City Manager