TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: HUMAN RESOURCES
DATE: SEPTEMBER 15, 2008 CMR: 370:08

SUBJECT: ADOPTION OF TWO RESOLUTIONS: 1) AMENDING SECTION 1801 OF THE MERIT SYSTEM RULES AND REGULATIONS TO INCORPORATE THE 2006 - 2010 MEMORANDUM OF AGREEMENT BETWEEN THE CITY OF PALO ALTO AND THE PALO ALTO FIRE CHIEFS’ ASSOCIATION AND 2) ADOPTING A COMPENSATION PLAN FOR FIRE CHIEFS’ ASSOCIATION PERSONNEL AND RESCINDING RESOLUTION NO. 8511

RECOMMENDATION

Staff recommends the City Council adopt the attached resolutions amending Section 1801 of the Merit System Rules and Regulations to incorporate the attached Memorandum of Agreement between the City of Palo Alto and the Fire Chiefs’ Association (FCA) and adopting a Compensation Plan for FCA management personnel.

BACKGROUND

A two-year Memorandum of Agreement with the Fire Chiefs’ Association management personnel expired June 30, 2006. Negotiations for a successor agreement began in January 2007, once negotiations with the International Association of Firefighters, Local 1319 had concluded. The Fire Chiefs’ Association includes three Battalion Chiefs and one Emergency Medical Services Coordinator (non-sworn).

Under State law, the City of Palo Alto is required to bargain in good faith and cannot unilaterally make contract decisions for represented employee groups. Actions that do not comply with those requirements may be subject to review by the California Public Employee Relations Board (PERB).
The City management and the Fire Chiefs’ Association negotiation teams met in good faith over the first five months of 2007. By the end of June 2007, however, negotiations stalled due to disagreement over wages and overtime pay. The Fire Chiefs’ Association filed notice to move negotiations to mediation. A state mediator was selected and mediation meetings commenced in August 2007. Finally, after several mediation sessions, a tentative agreement for a four-year agreement consistent with Council authorization was reached in April 2008. The tentative agreement has been ratified by the Fire Chiefs’ Association membership.

**DISCUSSION**

Key provisions of the proposed agreement with Fire Chiefs’ Association include:

**Salary**

- Effective with the pay period including July 1, 2006, a four percent (4%) increase will be applied to the control point of all represented classes.
- Effective with the pay period including July 1, 2007, a three percent (3%) increase will be applied to the control point of all represented classes.
- Effective January 1, 2008, the City shall add twelve thousand dollars ($12,000) to the annual base rate of 56-hour Battalion Chiefs ($4.12) per hour based on a 2912 hour work year. (The twelve thousand dollars is based on the minimum amount of overtime paid on an annual basis to each Battalion Chief.)
- Effective with the pay period including January 1, 2008, a three percent (3%) increase will be applied to the control point of all represented classes.
- Effective with the pay period including July 1, 2009, a four percent (4%) increase will be applied to the control point of all represented classes.

**Elimination of overtime pay/implementation of Management Annual Leave**

- In the City Auditor’s Overtime Expenditure Report, a recommendation included the reduction of overtime. Effective July 1, 2008, shift Battalion Chiefs will now receive eighty (80) hours of management leave in-lieu of overtime unless they work over four (4) “overtime” shifts per fiscal year with the agreement that they will not receive overtime for additional shifts required in a major in-county emergency. (In the previous Memorandum of Agreement, the shift Battalion Chiefs (56-hour work week) were entitled to receive overtime but not management annual leave.)

**Out of County Strike Team pay**
- The City will pay an employee sent on out of County strike team duty a flat twelve hundred dollar ($1200) wage payment beyond the employee’s normal salary for each twenty-four (24) hour shift of such duty during non-regular work hours if the City receives reimbursement from the state or federal government.

**Healthcare Cost Containment**

- The City will reduce the maximum payment for medical premiums from the highest health plan (PERSCare) to the second highest (currently Blue Shield HMO) for all future retirees. The elimination of the PERSCare option for current employees (hired prior to 2004) who retire will significantly reduce healthcare premium costs of these future retirees.

- During the term of this agreement, if the Public Employees Medical and Hospital Care Act (PEMHCA) no longer offers the PORAC health plan, the City agrees to reimburse or provide insurance to an employee for documented medical expenses incurred that exceed two million dollars ($2 million) lifetime maximum, if any, provided that such expense would have otherwise been covered and paid by the health plan.

**Retirement**

- Effective pay period inclusive of January 6, 2007, the retirement benefit changed to the 2.7% at 55 formula for the non-sworn represented employee in the Fire Chiefs’ Association, along with all other City miscellaneous employees. Beginning June 30, 2010, the City shall pay six percent (6%) and the employee shall pay two percent (2%) of the eight percent (8%) CalPERS employee contribution for the 2.7% at 55 retirement benefit formula.

Other provisions of the agreement include: a dental plan improvement that makes the plan consistent with benefits received by other employee groups; inclusion of leave procedures consistent with existing Merit Rules; changes to bereavement leave and voluntary catastrophic leave program consistent with leaves already offered to other employee groups; and other non-economic language provisions.

**RESOURCE IMPACT**

The overall salary and benefits increase for the term of this agreement is $152,000. The details are as follows:

1. The 4 percent salary increase on July 1, 2006 results in an annual incremental increase of $34,000 in salaries and benefits. These costs were included in the 2008-09 budget.
2. The 3 percent salary increase on July 1, 2007 results in an annual incremental increase of $39,000. These costs were included in the 2008-09 budget.

3. The 3 percent salary increase on July 1, 2008 results in an annual incremental increase of $41,000 in salaries and benefits. These costs were included in the 2008-09 budget.

4. The 4 percent salary increase on July 1, 2009 results in an annual incremental increase of $38,000. This increase will be incorporated in the 2009-10 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 Adopting a Compensation Plan for Fire Chiefs’ Association Personnel and Rescinding Resolutions Nos. 8511

B. Resolution Amending Chapter 18 of the Merit System Rules and Regulations to Incorporate the 2006-2010 Fire Chiefs’ Association Compensation Plan

C. Redline Memorandum of Agreement for Fire Chiefs’ Association Employees

D. Redline Compensation Plan for Fire Chiefs’ Association Employees

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DEPARTMENT HEAD REVIEW: ________________________________

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