



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: April 9, 2013

TO: Mayor and Councilmembers

FROM: City Administrator's Office

SUBJECT: Introduction Of Ordinance For Firefighters Memorandum Of Understanding Extension Through June 30, 2014

RECOMMENDATION:

That Council ratify a 12-month extension to the 2007-2013 Memorandum of Understanding between the City and the Santa Barbara City Firefighters' Association, by introduction and subsequent adoption of, by reading of title only, An Ordinance of the Council of the City of Santa Barbara Extending the 2007-2013 Memorandum of Understanding Between the City of Santa Barbara and the Santa Barbara City Firefighters' Association through June 30, 2014.

DISCUSSION:

The City and the Santa Barbara City Firefighters' Association have reached a tentative agreement to extend the existing 2007-2013 Memorandum of Understanding (MOU) for 12 months, until June 30, 2014. The agreement was ratified by the Association on March 28, 2013.

As part of a previous 30 month extension to the original 2007-2010 MOU, Firefighters agreed make temporary voluntary concessions to assist with the City's fiscal crisis. These concessions have gradually been reduced, and were set to expire completely in June 2013. The concessions included employee pension contributions to the California Public Employees Retirement System (PERS), reduced paid leave, furloughs, and delays on contracted salary increases. In return, firefighters received 5% in additional wage and benefit increases (3% in salary and 2% in benefits) concentrated in Fiscal Year 2013, the last fiscal year of the extended agreement. At the time that these increases were negotiated, a brisker economic recovery had been anticipated.

Although they have an existing labor agreement extending through June 2013, firefighters began voluntarily meeting with City negotiators to discuss state pension reform in December 2012. These talks led to an agreement to extend their current memorandum of understanding.

Under the agreement:

- Firefighters will continue to make a 2.982% contribution toward retirement indefinitely, instead of this contribution expiring in June 2013. This amount will be paid toward the employee's share of PERS, rather than the existing cost share arrangement, which will reduce a pension related benefit known as the "roll up", creating further savings for the City.
- New employees will be subject to PERS contributions as provided under state law effective January 1, 2013.
- An existing minimum staffing agreement will remain in place, subject to the City's ability to revoke it by reducing employee PERS contributions. Minimum staffing levels are those levels just necessary to fill existing shifts, stations, and equipment. There are no relief positions to fill vacancies due to turnover, vacations, and other absences. This creates more overtime opportunities for existing staff than if the City were to employ extra relief staff members to fill those shifts, so employees like it. In addition, staffing a shift at overtime, which is not subject to PERS contributions, actually costs the City slightly less overall than staffing it with a relief position.

BUDGET/FINANCIAL INFORMATION:

This agreement will reduce City costs by continuing the existing 2.98% employee pension contribution, which would otherwise have expired, indefinitely. It will also save the City part of the "roll-up" cost, since employees will pay toward the employee's share of PERS. These savings will be incorporated into the proposed Fiscal Year 2014 and Fiscal Year 2015 Two Year Financial Plan.

PREPARED BY: Kristine Schmidt, Employee Relations Manager

SUBMITTED BY: Marcelo López, Assistant City Administrator

APPROVED BY: City Administrator's Office