

TO: James L. App, City Manager

FROM: Meg Williamson, Assistant City Manager

SUBJECT: Wage & Merit Suspension Agreement with P.O.A. and Retirement, Wage & Merit Suspension Agreement with I.A.F.F. Employee Groups

DATE: March 2, 2010

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NEEDS: For the City Council to consider an offer from employees represented by the Paso Robles Police Association (P.O.A.), and Paso Robles Professional Firefighter's Association (I.A.F.F.), to suspend scheduled benefit, wage and merit increases.

FACTS:

1. The City continues to experience unprecedented financial challenges, with cumulative shortfalls of \$12,000,000 projected in the General Fund through the next four years.
2. \$23,000,000 in General Fund expenses have already been eliminated and planned staffing levels reduced by 23%.
3. The City's Layoff Prevention Plan (LPP) was activated effective November 1, 2008. The LPP is a method to systematically deal with periods of economic downturn in a manner that maintains the core integrity of the City's services and workforce. There are ten steps to the LPP:
  - Hiring Freeze
  - Voluntary Workforce Reductions (incentivized)
  - Reduction of Temporary Workforce
  - Defer Negotiated Annual Wage Adjustments
  - Suspend Negotiated Annual Wage Adjustments
  - Reduce Part-Time, Seasonal & New Hire Probationary Work Force
  - Defer Merit Pay Increases
  - Suspend Merit Pay Increases
  - Wage Reduction
  - Reduce Full-Time Workforce (Layoffs and Furloughs)
4. The City is obligated under State law to meet and confer with its employee groups to discuss wages, benefits, terms and conditions of employment. Implementation of the Layoff Prevention Plan is subject to mutual agreement with employee groups, until Step 10 (Layoffs and Furloughs).
5. The current Memorandums of Understanding (i.e. labor "contracts") between the City and the POA and IAFF employee groups are effective through March 31, 2011 and March 31, 2010 respectively.
6. On April 7, 2009 the City Council accepted the offer of these groups to defer salary increases scheduled for April 1, 2009, until April 1, 2010.

7. Labor groups were asked to consider further deferral (suspension) of scheduled wage as well as merit increases through June 30, 2011. Additionally, the IAFF Firefighters were requested to defer implementation of a modification to their PERS retirement contract.
8. In January 2010, the POA represented group voted to accept a Tentative Agreement for suspension of scheduled wage and merit increases through June 30, 2011 (an additional 15 months beyond their current agreement) with conditions. In exchange for suspension of scheduled compensation, this supplemental agreement includes provision for a one time increase in holiday pay for the 2010 year only, modification to personal leave use, and avoidance of layoffs within their work group through June 30, 2011. Some other non-cost items are addressed.
9. In February 2010, the IAFF Firefighter group voted to accept a Tentative Agreement with the City which would suspend scheduled wage and merit step increases, along with deferral of a scheduled change in their PERS retirement contract through June 30, 2011 (an additional 15 months beyond their current agreement) with conditions. In exchange for these suspended benefits and compensation, this supplemental agreement includes provision for a one time increase in holiday pay for the 2010 year only, modification to maximum accrual of compensatory time, and avoidance of layoffs within their work group through June 30, 2011. Other non-cost items are addressed.
10. The SEIU, non-represented, and management groups had already offered similar suspension agreements which were accepted by the City Council in October 2009.
11. The POA and IAFF Firefighter Supplemental Memorandums of Understanding (SMOU) are attached to this report.
12. With implementation of these SMOUs, all city labor groups have voluntarily agreed to suspend contract obligations for compensation and retirement increases through June 30, 2011.

#### ANALYSIS &

CONCLUSION: In this badly weakened economy, our community's fiscal challenges remain great. With fewer resources, it is incumbent that we find ways to do more with less. The POA and IAFF Firefighter employee groups have volunteered to suspend scheduled benefit changes, wage increases and merit step increases through June of 2011 to assure continuing public services while maintaining financial solvency.

#### POLICY

REFERENCE: California Government Code, Municipal Code Sec. 2.40.030(c), Layoff Prevention Plan dated 1992, and Resolution 09-037 accepting offer by all employee groups to defer wages for 12 months.

FISCAL

IMPACT: The cumulative impact of these groups' offer to respectively suspend retirement benefit, wage and merit increases, is estimated to save the City an additional \$500,000.

- OPTIONS:
- a. For the City Council to adopt Resolution No. 10-XX accepting the POA and IAFF Firefighter employee groups' offers to suspend their scheduled April 1, 2009 wage increases through June 2011 and to suspend earned merit increases through June, 2011, and in the case of the IAFF to defer implementation of changes to their PERS retirement benefits, thereby authorizing the City Manager to execute Supplemental Memorandums of Understanding with the POA and IAFF employee groups.
  - b. Amend, modify or reject above option.

Attachment:

1. Resolution 10-XX accepting respective retirement benefit, wage and merit suspension offers and authorizing the City Manager to execute Supplemental Memorandums of Understanding (SMOU) with POA and IAFF Firefighters.
2. SMOU – For POA
3. SMOU – For IAFF Firefighters

RESOLUTION NO. 10 –

A RESOLUTION OF THE CITY COUNCIL  
OF THE CITY OF EL PASO DE ROBLES  
AUTHORIZING EXECUTION OF SUPPLEMENTAL MEMORANDUMS OF  
UNDERSTANDING WITH THE P.O.A. (POLICE) AND I.A.F.F. (FIREFIGHTER)  
REPRESENTED GROUPS TO SUSPEND RESPECTIVE RETIREMENT BENEFIT,  
ANNUAL WAGE AND MERIT INCREASES THROUGH JUNE 2011

WHEREAS, the City continues to experience unprecedented financial challenges, with cumulative shortfalls of \$12,000,000 projected in the General Fund through the next four years; and

WHEREAS, \$23,000,000 in General Fund expenses have already been eliminated and planned staffing levels have been reduced by 23%; and

WHEREAS, the City's Layoff Prevention plan (LPP) was activated effective November 1, 2008 and the LPP is a method to systematically deal with periods of economic downturn in a manner that maintains the core integrity of the City's services and workforce; and

WHEREAS, the current Memorandums of Understanding (i.e. labor "contracts") between the City and the POA and IAFF Firefighter employee groups are effective through March 31, 2011 and March 31, 2010 respectively; and

WHEREAS, on April 7, 2009 the City Council adopted Resolution 09-037, accepting the offer of all employee groups to defer salary increases scheduled for April 1, 2009, until April 1, 2010; and

WHEREAS, the City is obligated under State law to meet and confer with its employee groups to discuss wages, benefits, terms and conditions of employment

WHEREAS, implementation of the Layoff Prevention Plan is subject to mutual agreement with employee groups, until Step 10 (Layoffs and Furloughs); and

WHEREAS, labor groups were asked to consider further deferral of scheduled wage increases (wage suspension) and suspension of merit step increases through June 30, 2011; and

WHEREAS, the IAFF Firefighters were additionally requested to defer the March 2010 scheduled implementation of a modification to PERS retirement benefit to a 3 at 55 formula until June 30, 2011; and

WHEREAS, in January 2010, the POA group confirmed their acceptance of a Tentative Agreement for suspension of scheduled wage and merit increases through June 30, 2011

(an additional 15 months beyond their current agreement) with conditions that included: a provision for a one time increase in holiday pay for the 2010 year only, modification to personal leave use, and avoidance of layoffs within their work group through June 30, 2011; and

WHEREAS, in February 2010, the IAFF Firefighter group confirmed their acceptance of a Tentative Agreement with the City which would suspend scheduled wage and merit step increases (an additional 15 months beyond their current agreement with conditions), along with a change in retirement contract through June 30, 2011, with conditions that included: a one time increase in holiday pay for the 2010 year only, modification to maximum accrual of compensatory time, and avoidance of layoffs within their work group through June 30, 2011; and

WHEREAS, the POA and IAFF employees' offer of benefit and wage deferral is estimated to save the City an additional \$500,000 per year.

NOW, THEREFORE, LET IT BE RESOLVED by the City Council of the City of El Paso de Robles to accept the mutually agreed upon offers from POA represented and IAFF Firefighters employee group to suspend April 1, 2010 scheduled wage increases and merit step increases through June 2011, and for the Firefighters a deferral of a change in their retirement benefit until June 30, 2011, and hereby authorize the City Manager to execute Supplemental Memorandums of Understanding (SMOU) with the POA and IAFF Firefighter labor groups (attached herein).

PASSED AND ADOPTED by the City Council of the City of el Paso de Robles this 2<sup>nd</sup> day of March, 2010 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

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Mayor Duane Picanco

ATTEST:

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Lonnie Dolan, Deputy City Clerk

SUPPLEMENTAL MEMORANDUM OF UNDERSTANDING #2  
BETWEEN  
THE CITY OF PASO ROBLES  
AND  
THE PASO ROBLES POLICE OFFICER'S ASSOCIATION

This Supplemental Memorandum of Understanding modifies the Memorandum of Understanding between the City of El Paso de Robles and the Paso Robles Police Officer's Association for the period of April 1, 2006 to March 31, 2010 and the Supplemental Memorandum of Understanding adopted April 7, 2009. Upon the signing of this Supplemental Memorandum, the 2006-2010 MOU and the April 2009 Supplemental Memorandum are modified to incorporate these changes.

SECTION 2. TERM

The term of this agreement shall be Sixty-Three (63) months, commencing April 1, 2006 and shall remain in effect until June 30, 2011. Meet and confer shall commence no later than April 15, 2011. Modifications to the terms of this Memorandum of Understanding and the Supplemental Memoranda may be made by mutual agreement.

SECTION 5. SALARY SCHEDULES

The City and Union agree that all salary increases scheduled for April 1, 2010 shall be suspended until June 30, 2011.

Commencing January 1, 2010 all merit step increases will be suspended until June 30, 2011. Earned step increases will be implemented on June 30, 2011, on a prospective basis.

SECTION 10. HOLIDAYS

Employees shall receive credit for holidays at the rate of one (1) 8-hour day per month for a total of twelve (12) holidays a year. In calendar year 2010 only, employees will receive an additional two (2) holidays for a total of fourteen (14). Employees may accumulate up to forty (40) hours of holiday time; employees may receive holiday time off at their request subject to the approval of the Department Head. Staffing needs of the department and the efficient operation of the City shall be considered prior to granting holiday time off. Holiday time accrued in excess of forty (40) hours and not taken off by the employee shall be paid off at straight time, on an hour-for-hour basis.

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SECTION 11. SICK LEAVE

Subsection D. shall be modified to read:

Personal Leave. Effective immediately and for the term of this agreement, an employee may use up to four (4) sick days (32-48 hours depending upon shift, i.e., 32 hours for a 8 hour shift, 48 hours for a 12 hour shift, etc.) per year which shall be designated as "Personal Leave Days."

NEW SECTION

LAYOFF PREVENTION PLAN

The City agrees that it will not layoff or furlough Unit employees during the term of this agreement.

NEW SECTION


The Association and Department will study the advantages and disadvantages of establishing a Corporal Program. It is mutually understood that no additional compensation would result if it was eventually decided to establish a program.

Except as provided herein, the Memorandum of Understanding and Supplemental MOU between the City and Police Officer's Association remains in full force and effect. This supplemental Memorandum of Understanding shall be incorporated into the Memorandum of Understanding between the City and Association for the contract period beginning July 1, 2011.

FOR THE CITY OF EL PASO DE ROBLES

POLICE OFFICER'S ASSOCIATION

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SUPPLEMENTAL MEMORANDUM OF UNDERSTANDING #2  
BETWEEN  
THE CITY OF PASO ROBLES  
AND  
THE PASO ROBLES PROFESSIONAL FIREFIGHTERS  
IAFF, LOCAL 4148

This Supplemental Memorandum of Understanding modifies the Memorandum of Understanding between the City of El Paso de Robles and the Paso Robles Professional Firefighters IAFF, Local 4148 for the period of April 1, 2006 to March 31, 2010 and the Supplemental Memorandum of Understanding dated April 7, 2009. Upon the signing of this supplemental Memorandum, the 2006-2010 MOU shall be modified to incorporate these changes.

**ARTICLE I - TERM OF MEMORANDUM OF AGREEMENT**

The term of this agreement shall be Sixty-Three (63) months, commencing April 1, 2006 and shall remain in effect until June 30, 2011. Meet and confer shall commence no later than April 15, 2011. Modifications to the terms of this Memorandum of Understanding and the Supplemental Memoranda may be made by mutual agreement.

**ARTICLE V – COMPENSATION**

**1. SALARIES**

The City and Union agree that all salary increases scheduled for April 1, 2010 shall be deferred to June 30, 2011.

Commencing January 1, 2010 all merit step increases will be suspended until June 30, 2011. Earned step increases will be implemented on June 30, 2011, on a prospective basis.

**4. COMPENSATORY TIME OFF**

Employees shall be allowed to elect compensatory time off to a maximum accrual of 144 hours:

Time off will be scheduled by mutual agreement of the employee and the Fire Chief. It is understood that compensatory time off will not be approved in the absence of qualified replacement personnel, in cases of high fire danger, when personnel are out of area due emergency assistance to other agencies, and as established within Departmental policy parameters. Employees denied requested compensatory time off may, at their option, receive pay in lieu.



**10. WORKING OUT OF CLASS PAY**

Effective immediately the waiting period for working out of class pay will be eliminated.

**ARTICLE VI – LEAVES**

**3. HOLIDAYS**

Fire Platoon Duty Personnel shall be granted eleven (11) hours holiday per month. Holiday pay will be paid at the rate of 5.077 hours per pay period. In 2010 only, holiday pay will be increased by 22.4 hours.

**ARTICLE VII – FRINGE BENEFITS**

**2. RETIREMENT**

A. Fire Platoon Duty Personnel are currently under the Public Employees Retirement System (PERS) of the State of California. The contract for PERS is for Safety Employees, the 2% at 50 single highest year formula. The City has implemented the pre-retirement optional Settlement 2W Death Benefit (Section 21547.7). Effective June 30, 2011, the City will implement the 3% at 55 retirement plan. The employer pays the employee contribution.

**NEW SECTION**

**LAYOFF PREVENTION PLAN**

The City agrees that it will not layoff or furlough Unit employees during the term of this agreement.

Except as provided herein, the Memorandum of Understanding and Supplemental Memorandum of Understanding between the City and IAFF, Local 4148 remains in full force and effect.

FOR THE CITY OF EL PASO DE ROBLES

FOR THE PASO ROBLES  
PROFESSIONAL FIREFIGHTERS  
IAFF, LOCAL 4148

