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Report regarding a resolution to approve a successor Memorandum of Understanding between the City and International Association of Firefighters (IAFF) Local 1507 and approving budget amendment number 23.018, and a resolution approving a Side Letter Agreement to the Memorandum of Understanding between the City and International Union of Operating Engineers (IUOE) Local 39, and approving budget amendment number 23.019 (Leah Lockhart, Human Resources Director)

RECOMMENDATION

- 1. Adopt a resolution approving a successor Memorandum of Understanding between the City and International Association of Firefighters (IAFF) Local 1507 for the term of July 1, 2022 - June 30, 2025 and approving budget amendment number 23.018,
2. Adopt a resolution approving a Side Letter Agreement to the Memorandum of Understanding between the City and International Union of Operating Engineers (IUOE) Local 39 for July 1, 2022 - June 30, 2025 and approving budget amendment number 23.019.

BACKGROUND/DISCUSSION

The City's regular full-time workforce is organized into six (6) represented bargaining units, as well as the unrepresented Public Safety Managers Unit and Executive Management Unit. In accordance with the Meyers-Milias-Brown Act (MMBA), the City negotiates agreements with each unit over wages, hours, and other terms and conditions of employment, and such agreements are memorialized in a Memorandum of Understanding (MOU) over a specified term. In January, 2022, City Council authorized staff to begin negotiations with each employee bargaining unit for successor MOUs, as the current MOUs were scheduled to expire as of June 30, 2022.

Successor MOU for International Association of Firefighters (IAFF) Local 1507

IAFF Local 1507 represents approximately seventy-two (72) sworn fire department personnel, including Paramedic Firefighters, Fire Apparatus Engineers, Fire Captains and Fire Safety Inspectors. The City's

negotiation team met with representatives of IAFF and held several meetings over a period of approximately six months, reaching a tentative agreement on September 1, 2022. The tentative agreement was subsequently ratified by IAFF membership on September 16, 2022.

The proposed successor MOU would be effective for a three-year term, from July 1, 2022 to June 30, 2025, and contains the following provisions for compensation and other employment terms:

Wage Adjustments

- Effective the first full pay period following Council approval of the Agreement, an across-the-board increase of six percent (6%).
- Effective the first full pay period of July, 2023, an across-the-board increase of four percent (4%).
- Effective the first full pay period of July, 2024, an across-the-board increase of three percent (3%).

Market Equity Adjustments

Staff conducted a City-wide total compensation study for the purposes of ensuring that the City's compensation package remains competitive with respect to other Bay Area cities of similar size and with comparable services. As a result of this study, the MOU includes market equity adjustments for classifications falling below the sixtieth (60th) percentile of the market, based on nine (9) benchmark cities. Based on the results of this study, the classification of Fire Captain will receive a market equity adjustment of two percent (2%).

One-time payment

The wage provisions of the MOU do not apply retroactively. Instead, the MOU provides for one-time payment equivalent to six percent (6%) of wages for the period of July 8, 2022 through September 29, 2022. This payment will be made no later than December 1, 2022.

Holiday Pay

The MOU adds Juneteenth (June 19) to the list of recognized City holidays starting 2023, subject to Council resolution declaring a City holiday. Fire personnel who work continuous schedules without regard to holidays will receive additional pay in the amount of 5.5% of the employee's base hourly rate in lieu of holiday time off.

Technical Rescue Pay and SCBA Technician Pay

Currently, Fire personnel who are State-certified in rescue systems and meet departmental training requirements are assigned to the Fire Department's technical rescue team. Currently, employees receive fifty dollars (\$50) per two-week pay period when assigned to the technical rescue team. The MOU increases this amount two to two percent (2%) of the employee's base hourly rate. In addition, personnel who are certified and assigned as SCBA (Self-Contained Breathing Apparatus) technicians for the department will receive two percent (2%) in additional compensation for this assignment, due to the time, skill, training, and level of responsibility involved.

Education Reimbursement

The MOU increases the maximum education reimbursement amount from \$2,000 annually to \$5,000 annually. The City pays fifty percent (50%) of tuition and related costs, up to the annual maximum.

Uniform Allowance

Uniform allowance is increased from \$1,100 annually to \$1,200 to account for cost increases.

Side-Letter Agreement with International Union of Operating Engineers (IUOE) Local 39

In June 2022, the City reached agreement with IUOE Local 39 for a successor MOU. This agreement was

approved by Council on June 22, 2022. Shortly thereafter, based on recent reports of further rising inflation and upon review of the City's current financial condition, City Council authorized staff to negotiate an across-the-board increase of up to six percent (6%) in 2022 and four percent (4%) for 2023 with the City's employee bargaining units. However, as negotiations with IUOE had already closed, the approved MOU did not include these increased across-the-board adjustments. With Council authorization, staff offered to reopen negotiations on the limited subject of wages in order to bring the wage adjustments for in line with other units. The side letter provides for those amendments to the MOU, as well as a one-time payment in lieu of retroactive wage adjustments. In addition, in order to resolve a disagreement over minor differences in calculation methods, the side letter agreement adjusts the market equity adjustments by rounding to the nearest one-half percent (0.5%), as had been agreed to with some other groups. The market equity adjustment for the classifications of Laboratory Chemist and Senior Laboratory Chemist is increased from 3.75% to 4%, and Plant Electrician I/II from 0.9% to 1%.

FISCAL IMPACT

The Fiscal Year 2022-2023 Operating Budget includes anticipated wage adjustments for positions represented by IAFF Local 1507. However, with higher-than-expected cost of living increases and market survey results, additional funds are required to cover the total cost of the salary and benefit package. The estimated total additional cost is \$266,200 for fiscal year 2022-2023. Additional cost-of-living adjustment enhancements for IUOE Local 39 result in additional costs of \$44,200 for fiscal year 2022-2023. Budget amendments 23.018 and 23.019 are included in the resolutions to adjust for these additional costs.

RELATIONSHIP TO STRATEGIC PLAN

This item supports the strategic initiative of Workforce Development and Fiscal Sustainability, ensuring that the City's compensation plan remains competitive to attract and retain a high-quality workforce while ensuring that financial commitments are within the City's means.

CONCLUSION

Staff recommends that City Council adopt a resolution to approve a successor MOU for IAFF Local 1507, providing for adjustments to wages and other terms and conditions for the period of July 1, 2022 - June 30, 2025 and to approve budget amendment number 23.018. Staff further recommends that City Council Adopt a resolution approving a Side Letter Agreement to the Memorandum of Understanding between the City and International Union of Operating Engineers (IUOE) Local 39 for July 1, 2022 - June 30, 2025 and approving budget amendment number 23.019.