

CITY OF SAN BERNARDINO – REQUEST FOR COUNCIL ACTION

From: Linn Livingston, Director
of Human Resources

Subject: SIDE LETTER AGREEMENT
WITH FIRE SAFETY EMPLOYEES

Dept: Human Resources

Date: May 27, 2009

M/CC Meeting Date: June 1, 2009

Synopsis of Previous Council Action:

On March 6, 2006, the Mayor and Common Council approved Resolution No. 2006-66, which implemented a Memorandum of Understanding (MOU) between the City of San Bernardino and employees in the Fire Safety Unit represented by San Bernardino Professional Firefighters.

Recommended Motion:

Adopt Resolution.



Signature

Contact person: Linn Livingston **Phone:** x5161

Supporting data attached: _____ **Ward:** _____

FUNDING REQUIREMENTS:

Amount: Approx. \$1,425,400 savings over 13 months

Source: (Acct. No.) _____

(Acct. Description) _____

Finance: _____

Council Notes: _____

Agenda Item No. 28

6-1-09

CITY OF SAN BERNARDINO – REQUEST FOR COUNCIL ACTION

Staff Report

Subject:

Resolution of the Mayor and Common Council of the City of San Bernardino Approving a Side Letter to Resolution 2006-66 for full-time, Fire Safety Employees, amending the current language in Article III, Compensation: Section 1, Salaries, Subsection (A); Article IV, Fringe Benefits: Section 1, Health/Related Insurance, Subsection (C); Article IV, Fringe Benefits: Section 4, Deferred Compensation; Article IV, Fringe Benefits: Section 7, Vacation and Holiday Sell-Back; Article IV, Fringe Benefits: Section 8, Welfare Benefit Trust; Article V, Leave Provisions: Section 1, Vacation, Subsection (E); adding Article IV, Fringe Benefits: Section 9, Post Employment Health Plan Programs; Article V, Leave Provisions: Section 7, Budget Concession Leave; and Article VII, General Provisions, Section 2, Term.

Background:

As a result of the City's budget deficit, the Human Resources Department met and conferred with the Fire Safety employees. In an effort to assist the City, the bargaining unit agreed to employee concessions equaling approximately a ten percent (10%) reduction.

Effective with the payroll period beginning June 1, 2009, through June 30, 2010, Fire Safety employees agree to participate by contributing an 8.7% "Negotiated Concession" based on their current base monthly salary.

In return for the employee concessions, it is recommended that the following actions be adopted:

- Extend the current Memorandum of Understanding (MOU) for Fire Safety employees for a one (1) year period (July 1, 2009, through June 30, 2010).
- Effective June 1, 2009, and continuing through June 30, 2010, employees will accrue four (4) hours of paid leave time per week. The hours will be scheduled in accordance with established departmental policy and will have no expiration date or cash value except for Fire Safety employees who retire prior to June 30, 2010, who will be compensated for 50% of the accumulated leave hours. Employees will not use leave time prior to July 1, 2010.
- Employees agree to sell back a minimum of 48 hours of vacation or holiday time on or before June 30, 2009, and an additional 48 hours prior to June 30, 2010. Employees who do not have a holiday/vacation balance of 48 hours on or before June 30, 2009 will sell back 96 hours of time in fiscal year 2009/2010. For fiscal year 2009/2010, all sell back forms will be submitted to the Finance Department by May 31, 2010. A minimum of 24 hours must be requested per sell back and employees will be allowed to sell back holiday or vacation time anytime throughout the fiscal year.

- The City will establish a Post Employment Health Plan (PEHP): 401 (a) Accumulated Benefit Conversion Program, Universal Reimbursement Account, and Insurance Premium Reimbursement Account.
- The City agrees to contact its healthcare vendors to determine if the City's current contracts can be amended to allow for the transfer of deferred compensation deposits to pay for medical premiums, up to a maximum of \$3,000 annually. Costs to establish this program shall not exceed \$500 annually and will be paid by the City. The City agrees to update the Union on a regular basis of issues and/or progress.
- On or before January 1, 2010, the City will establish a medical benefit cash-out program for employees who opt out of the City's healthcare plans.
- Effective June 1, 2009, increase the vacation accrual maximum by 15%.

<u>Current Cap</u>	<u>Cap With 15% Increase</u>
240	276
360	414
480	552

- If the Firefighters' Union can satisfy the City's liability concerns, the City will move forward to process VEBA contributions pre-taxed (if applicable) through payroll deductions.
- The employee concessions are necessary during these very difficult economic times. The City and members of the Fire Safety Employees agree that if the economy were to improve prior to June 30, 2010, the following "trigger" language would be followed:

The City agrees to restore the ten percent (10%) employee concession prior to June 30, 2010, if the City receives a Federal or State bailout or other windfall that can be applied to the General Fund with no limitations equal to or greater than 75% of the City's total projected deficit for that year.

Financial Impact:

This will result in approximately \$1,425,400 in savings over 13 months.

Recommendation:

Adopt Resolution.

Resolution No. _____

RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE CITY OF SAN BERNARDINO APPROVING A SIDE LETTER TO RESOLUTION 2006-66 FOR FULL-TIME, FIRE SAFETY EMPLOYEES, AMENDING THE CURRENT LANGUAGE IN ARTICLE III, COMPENSATION: SECTION 1, SALARIES, SUBSECTION (A); ARTICLE IV, FRINGE BENEFITS: SECTION 1, HEALTH/RELATED INSURANCE, SUBSECTION (C); ARTICLE IV, FRINGE BENEFITS: SECTION 4, DEFERRED COMPENSATION; ARTICLE IV, FRINGE BENEFITS: SECTION 7, VACATION AND HOLIDAY SELL-BACK; ARTICLE IV, FRINGE BENEFITS: SECTION 8, WELFARE BENEFIT TRUST; ARTICLE V, LEAVE PROVISIONS: SECTION 1, VACATION, SUBSECTION (E); ADDING ARTICLE IV, FRINGE BENEFITS: SECTION 9, POST EMPLOYMENT HEALTH PLAN PROGRAMS; ARTICLE V, LEAVE PROVISIONS: SECTION 7, BUDGET CONCESSION LEAVE; AND ARTICLE VII, GENERAL PROVISIONS, SECTION 2, TERM.

BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE CITY OF SAN BERNARDINO AS FOLLOWS:

SECTION 1: The City Manager of the City of San Bernardino and the Director of Human Resources are hereby authorized and directed to execute on behalf of said City a Side Letter to Resolution 2006-66 for full-time, Fire Safety employees, amending the current language in Article III, Compensation: Section 1, Salaries, Subsection (A); Article IV, Fringe Benefits: Section 1, Health/Related Insurance, Subsection (C); Article IV, Fringe Benefits: Section 4, Deferred Compensation; Article IV, Fringe Benefits: Section 7, Vacation And Holiday Sell-Back; Article IV, Fringe Benefits: Section 8, Welfare Benefit Trust; Article V, Leave Provisions: Section 1, Vacation, Subsection (E); adding Article IV, Fringe Benefits: Section 9, Post Employment Health Plan Programs; Article V, Leave Provisions: Section 7, Budget Concession Leave; and Article VII, General Provisions, Section 2, Term, a copy of which amendment is attached hereto and incorporated herein marked as Exhibit A.

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6-1-09

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1 **RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE CITY OF SAN**
 2 **BERNARDINO APPROVING A SIDE LETTER TO RESOLUTION 2006-66 FOR FULL-**
 3 **TIME, FIRE SAFETY EMPLOYEES, AMENDING THE CURRENT LANGUAGE IN**
 4 **ARTICLE III, COMPENSATION: SECTION 1, SALARIES, SUBSECTION (A);**
 5 **ARTICLE IV, FRINGE BENEFITS: SECTION 1, HEALTH/RELATED INSURANCE,**
 6 **SUBSECTION (C); ARTICLE IV, FRINGE BENEFITS: SECTION 4, DEFERRED**
 7 **COMPENSATION; ARTICLE IV, FRINGE BENEFITS: SECTION 7, VACATION AND**
 8 **HOLIDAY SELL-BACK; ARTICLE IV, FRINGE BENEFITS: SECTION 8, WELFARE**
 9 **BENEFIT TRUST; ARTICLE V, LEAVE PROVISIONS: SECTION 1, VACATION,**
 10 **SUBSECTION (E); ADDING ARTICLE IV, FRINGE BENEFITS: SECTION 9, POST**
 11 **EMPLOYMENT HEALTH PLAN PROGRAMS; ARTICLE V, LEAVE PROVISIONS:**
 12 **SECTION 7, BUDGET CONCESSION LEAVE; AND ARTICLE VII, GENERAL**
 13 **PROVISIONS, SECTION 2, TERM.**

14 I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Mayor and
 15 the Common Council of the City of San Bernardino at a _____ meeting thereof, held
 16 on _____ day of _____, 2009, by the following vote, to wit:

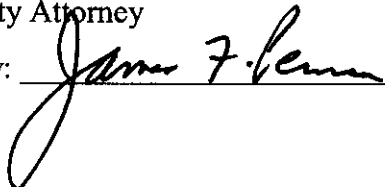
17 COUNCILMEMBERS:	AYES	NAYES	ABSTAIN	ABSENT
18 ESTRADA	_____	_____	_____	_____
19 BAXTER	_____	_____	_____	_____
20 BRINKER	_____	_____	_____	_____
21 SHORETT	_____	_____	_____	_____
22 KELLEY	_____	_____	_____	_____
23 JOHNSON	_____	_____	_____	_____
24 MCCAMMACK	_____	_____	_____	_____

25 _____
 Rachel G. Clark, City Clerk

26 The foregoing resolution is hereby approved this _____ day of
 27 _____, 2009.

28 Approved as to form:

29 JAMES F. PENMAN,
 30 City Attorney

31 By: 

32 _____
 Patrick J. Morris, Mayor
 City of San Bernardino

**SIDE LETTER AMENDMENT/AGREEMENT TO RESOLUTION 2006-66
FIRE SAFETY EMPLOYEES**

This Side Letter amends the current language in Resolution 2006-66 for full-time, Fire Safety Employees, amending the current language in Article III, Compensation: Section 1, Salaries, Subsection (A); Article IV, Fringe Benefits: Section 1, Health/Related Insurance, Subsection (C); Article IV, Fringe Benefits: Section 4, Deferred Compensation; Article IV, Fringe Benefits: Section 7, Vacation and Holiday Sell-Back; Article IV, Fringe Benefits: Section 8, Welfare Benefit Trust; Article V, Leave Provisions: Section 1, Vacation, Subsection (E); adding Article IV, Fringe Benefits: Section 9, Post Employment Health Plan Programs; Article V, Leave Provisions: Section 7, Budget Concession Leave; and Article VII, General Provisions, Section 2, Term, by adding the following language to the referenced articles, sections and subsections:

- A. ARTICLE III, COMPENSATION: SECTION 1, SALARIES, SUBSECTION (A)
“For the temporary period commencing with the payroll period beginning June 1, 2009 and continuing through June 30, 2010, employees agree to participate in an 8.7% ‘Negotiated Concession’ to the City. The negotiated concession is a line item deduction on each employee’s paycheck based on their current base salary.”
- B. ARTICLE IV, FRINGE BENEFITS: SECTION 1, HEALTH/RELATED INSURANCE, SUBSECTION (C)
“On or before January 1, 2010, the City will establish a medical benefit cash-out program for employees who opt out of the City’s healthcare plans.”
- C. ARTICLE IV, FRINGE BENEFITS: SECTION 4, DEFERRED COMPENSATION
“The City agrees to contact its healthcare vendors to determine if the City’s current contracts can be amended to allow for the transfer of deferred compensation deposits to pay for medical premiums, up to a maximum of \$3,000 annually. Annual program costs shall not exceed \$500 and will be paid by the City. The City agrees to update the Union on a regular basis of issues and/or progress.”
- D. ARTICLE IV, FRINGE BENEFITS: SECTION 7, VACATION AND HOLIDAY SELL-BACK
“Effective June 1, 2009, employees will sell back a minimum of 48 hours of vacation and/or holiday time on or before June 30, 2009. Beginning July 1, 2009, employees will sell back an additional 48 hours of vacation and/or holiday time before June 30, 2010. Employees who do not have a holiday/vacation balance of 48 hours on or before June 30, 2009 will sell back 96 hours of time in fiscal year 2009/2010. For fiscal year 2009/2010, all sell back forms will be submitted to the Finance Department by May 31, 2010.
- A minimum of 24 hours must be requested per sell back and employees will be allowed to sell back holiday or vacation time anytime throughout the fiscal year. Beginning June 1, 2009, employees may sell back holiday and/or vacation time up to six (6) shifts of holiday and ten (10) shifts of vacation on a fiscal-year basis at anytime throughout the fiscal year as long as a minimum of 24 hours is requested per sell-back and does not result in a negative vacation balance.”
- E. ARTICLE IV, FRINGE BENEFITS: SECTION 8, WELFARE BENEFIT TRUST
“If the Firefighters Union can satisfy the City’s liability concerns, the City will move forward to process pre-tax Voluntary Employee Benefit Association (VEBA) contributions (if applicable) through payroll deductions.”

F. ARTICLE IV, FRINGE BENEFITS:

"SECTION 9, POST EMPLOYMENT HEALTH PLAN (PEHP) PROGRAMS

The City will establish the following Post Employment Health Plan (PEHP) programs:

1. 401 (a) Accumulated Benefit Conversion Program
2. Universal Reimbursement Account
3. Insurance Premium Reimbursement Account"

G. ARTICLE V, LEAVE PROVISIONS: SECTION 1, VACATION, SUBSECTION (E)

"Effective June 1, 2009, vacation credits may accumulate an additional 15% as follows:

<u>Current Cap</u>	<u>Cap with 15% Increase</u>
240	276
360	414
480	552"

H. ARTICLE V, LEAVE PROVISIONS:

"SECTION 7: BUDGET CONCESSION LEAVE

Effective June 1, 2009, and continuing through June 30, 2010, employees will accrue four (4) hours of paid leave time per week. The hours will be scheduled in accordance with established departmental policy and will have no expiration date or cash value except for Fire Safety employees who retire prior to June 30, 2010, who will be compensated for 50% of the accumulated leave hours. Employees will not use leave time prior to July 1, 2010."

I. ARTICLE VII, GENERAL PROVISIONS: SECTION 2, TERM

"Effective July 1, 2009, the term of this Memorandum of Understanding (MOU) extends through June 30, 2010."

The City and members of the Fire Safety Employees agree that if the economy were to improve prior to June 30, 2010, the following "trigger" language would be followed:

"The City agrees to restore the ten percent (10%) employee concession prior to June 30, 2010, if the City receives a Federal or State bailout or other windfall that can be applied to the General Fund with no limitations equal to or greater than 75% of the City's total projected deficit for that year."

DATE: _____

ATTEST: _____
City Clerk

FOR THE CITY:

**REPRESENTATIVES OF:
FIRE SAFETY EMPLOYEES**

CHARLES MCNEELY, City Manager
City of San Bernardino

San Bernardino City Professional Firefighters
Local 891

LINN LIVINGSTON,
Director of Human Resources

James F. Penman
James F. Penman
City Attorney

