



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL** **DATE: JULY 12, 2016**

**FROM: HUMAN RESOURCES DEPARTMENT** **WARDS: ALL**

**SUBJECT: REVISIONS TO THE MEMORANDA OF UNDERSTANDING WITH THE RIVERSIDE CITY FIREFIGHTERS' ASSOCIATION (RCFA) AND THE RIVERSIDE FIRE MANAGEMENT GROUP (RFMG), AND RELATED REVISIONS TO THE FRINGE BENEFIT AND SALARY PLAN**

## **ISSUE:**

Approval of successor Memoranda of Understanding with two separate labor groups: the Riverside City Firefighters' Association (RCFA) and the Riverside Fire Management Group (RFMG).

## **RECOMMENDATION:**

That the City Council:

1. Approve the attached Memoranda of Understanding (MOUs) effective July 1, 2016 through December 31, 2021, which incorporate the negotiated revisions, and authorize the City Manager, or his designee, to execute the Memoranda of Understanding on behalf of the City; and
2. Adopt the attached Resolution amending the Master Fringe Benefits and Salary Plan to reflect the revised MOU provisions as outlined in Exhibit A attached thereto.

## **BACKGROUND:**

The City entered into and has successfully concluded labor negotiations with the RCFA and RFMG units. If adopted by City Council, these contracts supersede the existing Memoranda of Understanding which would have expired June 30, 2017.

This report is published on June 30, 2016, for the July 12, 2016, City Council Meeting. On June 30, 2016, each MOU was still under review by outside counsel for the RCFA and the RFMG units. The fundamental terms of the Memoranda have been agreed upon by the parties already and are reflected in the "Tentative Agreements" signed by the parties. However, edits in drafting can cause changes to MOU language. Any such changes to the MOUs will not impact the fundamental terms of the agreement and therefore, will be appropriately brought to the City Council at the July 12, 2016, City Council meeting.

The labor negotiations were focused around the City's new **Partnership Compensation Model**. This new model established the following core principles:

1. The City of Riverside and our employees are partners.
2. All employees to contribute to their pension, California Public Employees' Retirement System (PERS) costs.
3. Salary increases are based on a Balanced Revenue Index (BRI) that ties employee raises to actual General Fund performance.

BRI is calculated by using the annual change in the four largest General Fund revenues: Sales Tax, Property Tax, Hotel Tax and Utility Consumption Tax. The calculations are done at the end of a fiscal year to determine a salary raise for the following calendar year. Fifty percent of the BRI calculations for the revenue change from fiscal year (FY) 2015/16 to 2016/17 would be used to set the salary increase for January 2018. In this Model, the salary increases have a minimum amount and a maximum amount which act as a bracket around any salary changes indicated by the Model's formula.

### **SUMMARY OF MOU TERMS:**

Provisions of the tentative agreements have been ratified by both units and are herein presented for the City Council's approval:

1. **Labor Contract Period:**

July 1, 2016, through December 31, 2021

2. **Salaries:**

The Fire labor groups have agreed to the salary deferrals previously agreed for July 1, 2016, 2.5% (RCFA) and 2% (RFMG), to help balance the City's FY 2016-18 two-year budget. In exchange, the two Fire labor groups will receive incentive pay in January 2019 and January 2020.

Salaries are to be based on actual revenue changes within the BRI. Salary increases will be 50% of the change in BRI within the established brackets of minimum and maximum salary increases.

		RCFA		RFMG	
Year	Date	Salary Increase	Deferral Incentive	Salary Increase	Deferral Incentive
1	07/01/16	Defer 2.5%		Defer 2%	
Years 2 - 5		50% of BRI Min.      Max.		50% of BRI Min.      Max.	
2	01/01/18	2%	4%	2%	4%
3	01/01/19	3%	5%	3%	5%
4	01/01/20	3%	5%	3%	5%
5	01/01/21	2%	4%	2%	4%
6	12/30/21	0		0	

### 3. PERS Retirement Contribution:

Tier 1 employees (for whom the City currently pays the 9% employee share of retirement) will contribute a total of 8% of the employer portion of their annual PERS premium by the end of the contract:

Year	Date	RCFA	RFMG
1	07/01/16	0	0
2	01/01/18	0	0
3	01/01/19	2.5% Employer Portion	2.5% Employer Portion
4	01/01/20	2.5% Employer Portion	2.5% Employer Portion
5	01/01/21	2% Employer Portion	2% Employer Portion
6	12/30/21	1% Employer Portion	1% Employer Portion

### 4. Health Insurance:

Effective the first paycheck in 2018, any increase in health insurance premiums will be divided equally between the City and the employees. The previous terms were fixed dollar amounts for contributions and were not based on the actual health insurance premium costs.

### 5. Step Progression:

All merit increases to be effective upon each 12 months of service. The previous terms permitted an increase after 6 months for staff starting at the first step of the salary range.

### 6. Staffing Reductions:

To help balance the City's FY 2016-18 two-year budget, the Fire labor groups have agreed to the elimination of Training Captain, Arson Captain, Squad 5 and Day Chief Officer for a period of 2 years effective 7/1/2016. The positions would be restored effective 7/1/2018, and potentially as early as 7/1/2017, if the City's financial condition improves sufficiently.

### 7. Holidays:

Effective 2019, the Cesar Chavez holiday will be added to the list of authorized holidays.

### 8. Labor Relations Leave Time:

The RCFA will receive up to 528 hours per year during this agreement will be available collectively to members. The previous terms allowed 864 hours per contract. The RFMG will receive up to 144 hours per year, the previous terms did not include this provision.

### 9. Retiree Medical Trust Language:

The existing language on the retiree medical stipends has been revised to comply with the government accounting standards. In addition, the discussion of leaving retiree access to medical plans set up for active employees (which allows for rate sharing) has been referred to the Citywide Health Benefits Committee comprised of labor groups and management.

### 10. Other changes:

Additional miscellaneous changes have been made to non-economic terms throughout the contract, as reflected in the attached red-lined MOUs.

**FISCAL IMPACT:**

The fiscal impact of the achieved through both Fire groups is an additional general fund savings of \$65,174 for FY 2016-17 budget and a cost of \$363,895 for FY 2017-18. The total cost for the MOUs is \$8,966,057. A full analysis of the combined fiscal impacts for both Fire groups through FY 2021-22 is included in Attachment 4.

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	TOTAL
Salaries	\$ (840,207)	\$ (411,138)	\$ 573,415	\$ 1,671,132	\$ 2,406,331	\$ 2,512,294	\$ 5,911,827
Medical, Holiday, Other MOU	\$ 37,000	\$ 37,000	\$ 357,465	\$ 369,512	\$ 382,763	\$ 394,424	\$ 1,578,164
Staffing Reductions	\$ (1,525,348)	\$ (1,525,348)	\$ -				\$ (3,050,696)
<b>Total</b>	<b>\$ (2,328,555)</b>	<b>\$ (1,899,486)</b>	<b>\$ 930,880</b>	<b>\$ 2,040,644</b>	<b>\$ 2,789,094</b>	<b>\$ 2,906,718</b>	<b>\$ 4,439,295</b>
4% Budget Reductions	\$ (2,263,381)	\$ (2,263,381)	\$ -	\$ -	\$ -	\$ -	\$ (4,526,762)
Net (Savings) /Cost	\$ (65,174)	\$ 363,895	\$ 930,880	\$ 2,040,644	\$ 2,789,094	\$ 2,906,718	\$ 8,966,057

The Five-Year Plan adopted with the FY 2016-2018 Budget, included estimated totals for the Partnership Compensation Model and related MOU negotiations. Any changes between the original five year projections and the adopted MOUs, will be presented to the City Council once all labor agreements are finalized.

Prepared by: Geriann Kingslan, Interim Human Resources Director  
 Certified as to availability  
 of funds: Scott G. Miller, Interim Finance Director/CFO/Treasurer  
 Approved by: Marianna Marysheva-Martinez, Assistant City Manager  
 Approved as to form: Gary G. Geuss, City Attorney

**Attachments:**

1. Comprehensive Memorandum of Understanding for RCFA
2. Comprehensive Memorandum of Understanding for RFMG
3. Resolution Amending the Fringe Benefits and Salary Plan
  - a. Exhibit A – Amended Fringe Benefits and Salary Plan
4. RCFA/RFMG MOU Fiscal Impact
5. Presentation