



CITY COUNCIL AGENDA REPORT



DEPARTMENT: Human Resources & Risk Management

MEETING DATE: December 18, 2012

PREPARED BY: Danielle Tellez, Human Resources Division Manager **AGENDA LOCATION:** AR-2

TITLE: Unilateral Implementation of Last, Best and Final Offer to the Monrovia Firefighters Association; Amendment to Personnel Rules and Regulations to Provide for Compensation and Supplemental Benefits Effective Fiscal year 2012-2013, Resolution No. 2012-60

OBJECTIVE: To provide for compensation adjustments for Monrovia Firefighter Association (MFA) employees, and to reduce the current contribution amount made by the City on behalf of employees to the California Public Employees' Retirement System (PERS).

BACKGROUND: It has been the City's practice to endeavor to compensate its employees at a competitive rate in order to attract and retain quality personnel. In past years, Staff surveyed surrounding cities to determine salary and benefit levels provided to their employees and used this information as a comparison and benchmark to determine salary and benefit increases. The City is no longer relying on the salary and compensation survey method of determining compensation increases, rather, any compensation adjustments are based on the City's ability to pay.

On August 27, 2009, due to poor economic conditions, the City and the MFA entered into a side letter, which included implementation of various cost saving measures including, but not limited to, suspension of merit salary adjustments and performance bonuses. Additionally, MFA members in the local safety PERS plan began contributing approximately 3.811% of PERS earnings to help augment the City's retirement fund. The Memorandum of Understanding (MOU) for the period of FY 2008-2011 was also extended for one year, through June 30, 2012.

As the MOU with the Monrovia Firefighters Association expired on June 30, 2012, negotiations with this group were conducted from April 2012 to early December 2012 in an attempt to come to agreement on a successor MOU. Unfortunately, no agreement was reached. MFA employees took a vote on December 4, 2012, wherein they rejected the City's last, best and final offer. Therefore, we are now at impasse.

ANALYSIS: The proposed last, best, and final offer for fiscal year 2012-2013 includes the suspension of merit salary adjustments and the Longevity/Performance Bonus Program. In addition, members will pay 6% (2/3) of the employee cost (9%) of the Public Employees' Retirement Benefit, which will reduce the Employer Paid Member Contribution (EPMC) benefit. As a result, the side letter between the City and the MFA dated August 27, 2009, regarding EPMC will be null and void. While the City's financial outlook has modestly improved over the last two years, without concessions from employees to further assist with funding the cost of retirement benefits, the City's budget for the 2012-2013 fiscal year will not be balanced.

In addition to the above concessions, there are some modest increases. These increases include an additional \$61.17 monthly contribution in the cafeteria benefit, which will go from the current \$363.83 to

AR-2

\$425.00, and an increase in the monthly Fire Officer Certification Pay, from \$100 to \$150 per month and Chief Fire Officer Certification pay, from \$150 to \$200 per month.

Included within the framework of all of the adjustments to compensation and benefits is the City of Monrovia's Principles of Public Employee Compensation. These principles focus on eight key areas, including balancing the Council priorities of fiscal responsibility with attracting and employing quality personnel; employee compensation being funded and secured, and based on the City's ability to pay; periodically endeavoring to calibrate compensation for classifications at the average of comparable cities in the surrounding market; merit compensation increases and/or bonus consideration being based solely on employee performance and on the City's ability to pay; employees sharing in employee retirement costs; the City's PERS program participation reflecting sustainable actuarial horizons; the City's total workforce costs not exceeding 75% of annual net operating expenses; and employee time accruals being monitored and utilized to ensure that separating employees' payouts are minimized.

ENVIRONMENTAL IMPACT: There are no environmental impacts associated with this action.

FISCAL IMPACT: The savings by having all MFA employees pay 6% towards their pension costs is approximately \$208,000. This savings has already been incorporated into the 2012-13 budget. The cost for the increase to the cafeteria amount is approximately \$26,000 annually and the cost of the increase in Fire Officer and Chief Fire Officer Certificate pay is approximately \$8,000 annually.

OPTIONS: The City Council has two options:

- 1.) Approve implementation of the City's last, best and final offer as proposed for the Monrovia Firefighters Association and approve the salary and benefit adjustments as proposed, or
- 2.) Direct Staff to continue negotiations with the Monrovia Firefighters Association and reject all the salary and benefit adjustments as proposed, or

RECOMMENDATION: Staff recommends that the City Council approve Option 1.

COUNCIL ACTION REQUIRED: If the City Council concurs, the appropriate action would be a motion to adopt Resolution No. 2012-60.

RESOLUTION NO. 2012-60

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MONROVIA, CALIFORNIA, AMENDING PERSONNEL RULES AND REGULATIONS, APPENDIX "A," TO PROVIDE FOR COMPENSATION AND SUPPLEMENTAL BENEFITS FOR CERTAIN FIRE EMPLOYEES FOR FISCAL YEAR 2012-2013

WHEREAS, Resolution No. 77-24 adopted a personnel system for the administration of fire employee compensation and benefits and such system provides for a classification and pay plan to equitably compensate fire employees of the City;

WHEREAS, it is in the best interests of the City to adjust from time to time the salaries and benefits of fire employees of the City so as to retain qualified and competent personnel for the administration of City affairs;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Monrovia as follows:

SECTION 1. That Appendix "A" of Resolution No. 77-24, the Personnel Rules and Regulations is hereby amended to adjust supplemental benefits for certain fire employees as indicated in the attached Appendix "A."

PASSED, APPROVED AND ADOPTED this 18th day of December, 2012.

BY:

Mary Ann Lutz, Mayor
City of Monrovia

ATTEST:

APPROVED AS TO FORM:

Alice D. Atkins, CMC, City Clerk
City of Monrovia

Craig A. Steele, City Attorney
City of Monrovia