



Legislation Details (With Text)

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Title: Recommendation to adopt resolution approving the 2022-2025 Memorandum of Understanding with the Long Beach Firefighters Association. (Citywide)
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Date	Ver.	Action By	Action	Result
10/18/2022	1	City Council	approve recommendation and adopt	Pass

Recommendation to adopt resolution approving the 2022-2025 Memorandum of Understanding with the Long Beach Firefighters Association. (Citywide)

In accordance with discussions with the City Council, a Memorandum of Understanding (MOU) agreement has been reached with the Long Beach Firefighters Association (FFA) bargaining unit. The FFA represents approximately 396 employees in the Firefighters Association Basic and Supervisory units. Since June 2022, City of Long Beach (City) management and FFA representatives have held nine negotiation sessions regarding a new MOU. The current MOU expired on September 30, 2022. A tentative agreement has been reached and jointly signed by representatives of the City and FFA.

The tentative agreement includes a phased-in approach for structural wage increases that are in part offset by having employees pay a portion of the City’s pension costs. The Public Employees’ Pension Reform Act (PEPRA) of 2013 and related changes to the Public Employees Retirement Law (PERL) allow cities to negotiate “cost-sharing” with their employee unions, which means employees agree to share in the cost of the employer contribution. The cost-share amounts are paid in addition to the member contribution rates and assist in curtailing the City’s growing pension expense. The mechanics of implementing the cost sharing provision are discussed further in this staff report.

The agreement includes several items that will assist the Fire Department in improving staffing capabilities such as increases to Paramedic and Firefighter II skill pays. These changes further align the Department with other agencies and increase Paramedic retention.

Tentative Agreement Major Provisions

The proposed MOU is for a three-year agreement from October 1, 2022, through September 30, 2025, and it includes the following major provisions:

1. General Wage Increase:

- a. 5 percent effective October 8, 2022
 - b. 4 percent effective October 7, 2023
 - c. 3.5 percent effective October 5, 2024
2. CalPERS Pick-up (Safety) for Classic Employees: 3% effective on October 8, 2022.
3. During the term of the agreement, the City will modify the FLSA annual premium pay 7 (k) work period for fire protection employees from 24-day to 28-day work period to align with bi-weekly pay period.
4. Skill Pays:
- a. Effective October 8, 2022, the City shall increase Firefighter II Skill Pay from 3 to 6 percent Top Step Firefighter. Eligible permanent full-time bargaining unit members who have at least six (6) years of experience, as defined in Article II (4), (5), and (6) of the FFA MOU, and who have satisfied State of California Fire Marshal Firefighter II certification standards. Pay is effective on the date proof of certification is submitted to Fire Management.
 - b. Effective October 8, 2022, the City shall increase Paramedic Skill pay from 16 to 19 percent Top Step Firefighter. Firefighters will be eligible for this skill pay after being licensed through the State of California and accredited by the local emergency services agency and while fully trained and assigned to paramedic duty.
5. Health, Dental, and Life Insurance - revised language under Integral Part Trust:
- a. The City shall contribute to the employee's plan account each year of the contract. The contribution is derived by adding the City's health insurance contribution on the beginning date of the contract plus \$100 per month. These payments will come from the employee's unused sick leave account.
6. Bereavement Leave - revised language: Employees shall be eligible for three (3) paid bereavement leave days per eligible family member death, with a maximum of three (3) occurrences in a calendar year.
7. During the term of the agreement, upon request from either the City or the Association, the parties shall meet and confer in good faith regarding a Full-Time Association President as well as establishing a Military Leave Policy.

Employee Cost-Sharing

The tentative agreement includes a provision for FFA employees in the public safety Classic retirement tiers to contribute three percent (3%) of their compensation toward the employer's share of CalPERS retirement contribution effective October 8, 2022. Classic members represent approximately 65 percent of the FFA membership. This proposal would add three percent (3%) to their current contribution of nine percent (9%), bringing their total contribution to twelve percent (12%) which is equivalent to the employees in the PEPRA retirement tier as indicated below:

Retirement Benefit Type	Employee Contribution	
	Current	Proposed
Classic Members All Tiers	9%	12%
PEPRA Members	12%	No Change

***PEPRA employee contribution is half of the total normal cost and is subject to change**

The proposed MOU provision, if adopted by the City Council, would allow the City to implement this cost-sharing arrangement effective the first full payroll in Fiscal Year 2023 (FY 23) under Section 20516(a). After completion of the CalPERS administrative requirements, amend the City's contract with CalPERS to switch the cost-sharing arrangement under Section 20516(f). To implement a cost-sharing arrangement under Section 20516(f), CalPERS requires an amendment to the CalPERS contract, which is accomplished by the following administrative steps:

- City Council adoption of a Resolution of Intent to approve a contract amendment between CalPERS and the City initiates the process for the contract amendment.
- City sends CalPERS a letter requesting a contract amendment for cost-sharing with a copy of the MOU agreement.
- Adopt an Ordinance authorizing a contract amendment between CalPERS and the City. The Ordinance requires a first and second reading, after the employee vote. City staff will submit a request for an Ordinance authorizing an Amendment to the CalPERS contract for consideration in the next 90 days.
- CalPERS conducts a secret ballot election of FFA public safety retirement members. The majority of the members must elect to change the employees' rate of contribution.
- City Council adoption of the Ordinance (second and final reading).
- Execution of CalPERS contract amendment.

This matter was reviewed by Assistant City Attorney Gary J. Anderson and Budget Manager

Grace H. Yoon on October 3, 2022.

City Council action is requested on October 18, 2022, to ensure timely implementation of the MOU provisions.

The agreement has a total structural annual net fiscal impact of \$14.3 million in the General Fund Group and \$14.4 million across All Funds once fully implemented in FY 25. The net fiscal impact includes the savings from additional pension pick-up amounts (cost-sharing) for Classic (pre-State pension reform) employees, which decrease over time as Classic employees retire or otherwise leave the City. The table below shows the breakdown of these costs by fiscal year and by General Fund and All Funds.

FFA Net Contract Cost by Fiscal Year (in \$ millions)

FUND	FY 23	FY 24	FY 25	TOTAL
General Fund	6.08	4.29	3.91	14.3
All Funds	6.14	4.33	3.95	14.4

This agreement is recommended as an important and necessary part of the City's ability to mitigate staffing challenges citywide and to support its current employees, as well as retain and attract new employees. These costs, however, will add to the projected General Fund shortfall, which was \$28.1 million for FY 24 based on the latest projection from Summer 2022 and inclusive of City Council adopted changes on budget adoption night. Based on this agreement, the General Fund shortfall will increase by \$3.2 million, \$1.3 million, and \$857,000 for FY 23 through FY 25 respectively, adding a total of \$5.4 million to the out-year shortfall projections, and resulting in projected shortfall of \$32.6 million needing to be resolved in FY 24. While projections will be updated with new information that may have both positive or negative impacts, these costs along with any other negotiated contracts, will be adding to the fiscal challenges that is anticipated to require reduction of services if other solutions are not identified. Additional details of the impact on the shortfall projections are provided below.

As the outcome of negotiations was unknown at the time of the FY 23 Budget adoption, a placeholder amount was included for all potential negotiated agreements in the FY 23 Budget and also included in the out-year projections. In FY 23, \$2.88 million of the \$6.08 million contract cost is included in the budget and the unbudgeted costs in FY 23 of \$3.20 million in the General Fund Group will need to be covered with one-time funds available in FY 22 or FY 23, which will be evaluated as part of FY 22 year-end close. An appropriation increase for FY 23 reflecting these costs will be brought to the City Council in a separate citywide budget adjustment letter, combined with other negotiated adjustments for other bargaining groups. The ongoing structural costs will be built into the projections as part of the Proposed FY 24 budget development. The estimated costs in FY 24 and FY 25 is \$1.3 million and \$857,000 respectively, for a total impact of \$2.19 million beyond what is included in the latest out-year projections. In total, for FY 23 through FY 25, there is \$5.4 million being added to the out-year shortfall projections beyond what was already included (of which \$4.5 million will impact FY

24).

This recommendation has a moderate staffing impact to implement the payroll changes but is within the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

Approve recommendation.

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JOE AMBROSINI
HUMAN RESOURCES DIRECTOR

APPROVED:

THOMAS B. MODICA
CITY MANAGER