



Office of the City Manager

CONSENT CALENDAR
December 5, 2023

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Aram Kouyoumdjian, Director of Human Resources
 Subject: Memorandum of Understanding: Berkeley Fire Fighters Association

RECOMMENDATION

Adopt a Resolution 1) approving a successor Memorandum of Understanding (hereafter referred to as “MOU”) with the Berkeley Fire Fighters Association (hereafter referred to as the “Union”) for a three-year term from July 1, 2023 through June 30, 2026 and authorizing the City Manager to execute and implement the terms and conditions of employment set forth in the new MOU and to make non-substantive edits to the format and language of the MOU in alignment with the tentative agreement, and conforming to legal requirements; and 2) approving a new Classification and Salary table for BFFA classifications (Representation Unit B) that implement the salary adjustments reflected in the new MOU and supersede prior salary resolutions.

The terms of the proposed 2023-2026 MOU are within the parameters of authority approved by Council in closed session.

FISCAL IMPACTS OF RECOMMENDATION

The cost for the new MOU is approximately \$2.68 million in the first year, \$5.39 million in the second year, and \$7.81 million in the third year.

Savings to the City from modifications to retiree health benefits will vary depending on staffing levels and longevity rates. However, the City’s unfunded other post-employment benefits (OPEB) will decrease by an estimated \$5.32 million, according to a just-completed actuarial study. The savings will be even higher longer-term, as new hires under the modified plan outnumber current members; those savings may be in the millions annually in outlying years, reaching an estimated \$8 million per year by 2073.

CURRENT SITUATION AND ITS EFFECTS

Notable changes in the 2023-2026 MOU are along five dimensions:

- (1) **COLA Increases:** The terms of the new MOU provide for a 3% wage increase effective the start of the first full pay period after Council adoption; a 3% wage

increase effective July 7, 2024; and a 3% wage increase effective July 6, 2025 for a cumulative wage increase of 9% over three (3) years.

- (2) **Certification Differentials:** The City will incentivize a trio of certifications with a 2% differential for each: Cal Fire Service Training and Education System's (CFTES) Firefighter I Certificate (upon approval of the contract), CFTES Firefighter II Certificate (beginning on 1/1/25), and Advanced Cardiovascular Life Support Certificate (beginning on 1/1/26).
- (3) **Longevity Pay:** Effective the first full pay period after Council adoption, the MOU modifies the current longevity pay structure to provide 4% longevity pay beginning with the 12th, 15th, and 20th years of service for a maximum of 12%. The modifications aim to keep the department competitive with other agencies and enhance retention.
- (4) **Retiree Health Benefits:** Effective July 7, 2024, the retiree medical benefit identified in the current MOU will be frozen at rates in place as of July 1, 2024 for current members hired between June 5, 2006 to June 30, 2024. (Members hired prior to June 5, 2006 will not be affected by this modification.) Effective July 7, 2024, the City will contribute to the IAFF Retiree Medical Trust on behalf of each current member an individual amount (according to their date of hire), with the City's contribution not to exceed a \$350 per month contribution average across all members covered by this provision (with members themselves contributing \$25 per month toward that amount). New employees hired on or after July 1, 2024 will contribute \$75 per month into the IAFF RMT and after they complete five continuous years of service, the City will contribute an additional \$225 per month into their individual RMT accounts.

By effectuating these changes, the City will realize future savings that may be as high as \$5.32 million in other post-employment benefits (OPEB), thus reducing its long-term unfunded liabilities; longer-term savings are estimated in the millions annually in outlying years, as members under the new structure outnumber current members and may be as high as \$8 million by 2073.

- (5) **Paramedics:** Article 17 of the MOU will highlight provisions applicable to the Paramedics.

BACKGROUND

The City's labor contract with the Union expired and was fully terminated as of June 30, 2023. In an effort to reach agreement on a successor MOU, representatives of the City and representatives of the Union commenced negotiation sessions beginning in March of 2023. The parties reached a tentative agreement in November 2023.

During the course of negotiations, the Union and the City agreed to various linguistic updates to the MOU (e.g., gender-neutral pronouns), made certain changes affecting operations, and re-ordered/re-numbered the MOU to ease readability and navigation.

The five areas of change with significant financial or other impact are captured above.

ENVIRONMENTAL SUSTAINABILITY

There are no identifiable environmental effects or opportunities associated with the subject of this report.

RATIONALE FOR RECOMMENDATION

The City's labor contract with BFFA expired on June 30, 2023, triggering the need to negotiate a successor agreement.

The recommended changes to the MOU address the need for COLA increases and modifications to longevity pay in order to keep the Berkeley Fire Department competitive in its recruitment and retention efforts.

The revisions to the retiree health benefits program address a key financial concern for the City – unfunded future liabilities – and will reduce such liabilities by as much as \$5.32 million for current members, and additional millions annually in outlying years due to capped payment amounts.

ALTERNATIVE ACTIONS CONSIDERED

Various alternative proposals were considered by the Union and the City's negotiation team before mutual agreement was reached on the proposed MOU.

CONTACT PERSON

Aram Kouyoumdjian, Director of Human Resources, (510) 981-6807.

Attachments:

- 1: Resolution: Memorandum of Understanding: Berkeley Fire Fighters Association
Exhibit A: Memorandum of Understanding Between the City of Berkeley and Berkeley Fire Fighters Association, 2023-2026 (Revised Version)
Exhibit B: Memorandum of Understanding Between the City of Berkeley and Berkeley Fire Fighters Association, 2023-2026 (Tracked Changes Version)

RESOLUTION NO. ##,###-N.S.

MEMORANDUM OF UNDERSTANDING: BERKELEY FIRE FIGHTERS
ASSOCIATION

WHEREAS, the City is obligated under the provisions of California Government Code Sections 3500-3500, commonly referred to as the Meyers-Milias-Brown Act, to meet and confer in good faith and attempt to reach agreement with representatives of recognized bargaining units on matters within the scope of representation including, but not limited to, wages, hours, and other terms and conditions of employment; and

WHEREAS, the City's labor contract with the Berkeley Fire Fighters Association expired and was fully terminated as of June 30, 2023; and

WHEREAS, representatives of the City and the Berkeley Fire Fighters Association have met and conferred in good faith and have reached agreement on a new Memorandum of Understanding that incorporates all changes and modifications in wages, hours, and other terms and conditions of employment agreed to by the parties;

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is hereby authorized to execute the new Memorandum of Understanding for the period July 1, 2023 through June 30, 2026 with the Berkeley Fire Fighters Association, including changes in certain benefits on dates specified in the Memorandum of Understanding which is attached hereto, made a part hereof and marked Exhibit A, and to make non-substantive edits to the format and language of the MOU in alignment with the tentative agreement, and conforming to legal requirements; and

BE IT FURTHER RESOLVED that the Council of the City of Berkeley approves, and the City Manager is hereby authorized to effectuate, a new Classification and Salary table for BFFA Classifications (Representation Unit B) that implement the salary adjustments reflected in the new MOU and supersede prior salary resolutions; and

BE IT FURTHER RESOLVED that a fully executed original of said contract is filed in the Office of the City Clerk.

Exhibits

- A: Memorandum of Understanding Between the City of Berkeley and Berkeley Fire Fighters Association, 2023-2026 (Revised Version)
- B: Memorandum of Understanding Between the City of Berkeley and Berkeley Fire Fighters Association, 2023-2026 (Tracked Changes Version)



Agenda Item
Attachment

This attachment will be provided to the City Council and the public prior to the meeting (including posting to the city website) in accordance with the requirements for revised and supplemental materials in the Open Government Ordinance.

City Clerk Department
2180 Milvia Street
Berkeley, CA 94704
(510) 981-6900

The City of Berkeley, City Council's Web site:
<http://berkeleyca.gov>

