



City Council

Approval of Labor Contract with the International Association of Fire Fighters, Local #468, Including Assistant Chiefs

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Title

Approval of Labor Contract with the International Association of Fire Fighters, Local #468, Including Assistant Chiefs

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve the labor agreements with the International Association of Fire Fighters, Local #468 and Local #468, Assistant Chiefs and authorize the City Manager to execute the agreements.

Report

Issue:

Whether to approve the labor contracts between the City of Olympia and the International Association of Fire Fighters (IAFF), Local #468 and Local #468, Assistant Chiefs

Staff Contact:

Jay Burney, Assistant City Manager, Executive Department, 360.753.8740

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

The labor agreements with IAFF, Local #468 and Local #468, Assistant Chiefs expired on December 31, 2016. The contracts cover ninety-two (92) Fire Fighters and two (2) Assistant Chiefs in the City's Fire Department. The new agreements have been ratified by the Unions, and City staff is now bringing them forward for approval.

The new proposed contracts for Council consideration are attached.

The contracts have three-year terms that will expire on December 31, 2019. Significant changes to the contracts are in the areas of wages and benefits.

Wages

Wage increases in the prior IAFF contract were based on Sales Tax increases over the prior year, with a 2% minimum and a 4% maximum wage increase. The new contract retains this approach; however, a change was made to the Sales Tax table to provide better equity in terms of the Sales Tax generated and the corresponding wage increase.

Wage increases in the prior contract were based on the following table:

<u>Gross Sales Tax Increase Over Prior Year</u>	<u>Pay Range Increase</u>
0-3.99%	2% minimum
4.0%-4.99%	1% additional increase added to 2%
5% and above	4% maximum

Wage increases in the new contract are based on the revised table:

<u>Gross Sales Tax Increase Over Prior Year</u>	<u>Pay Range Increase</u>
0-3.99%	2% minimum
4.0%-5.99%	1% additional increase added to 2%
6% and above	4% maximum

The proposed wage increase for 2017, based on the new Sales Tax Table, is 4%. Wage increases for Assistant Chiefs are based on a percentage above the base fire fighter pay and will increase at roughly the same 4% for 2017.

Medical/Dental/Vision Benefits

Beginning with the new 2017-2019 labor contract, IAFF, Local #468, including the Assistant Chiefs will be moving their member's medical, dental, and vision benefits from the Association of Washington Cities (AWC) to the Northwest Fire Fighters Benefits Trust (NWFFT). All Fire LEOFF 1 retirees will also be moving to the NWFFT.

Staff spent a considerable amount of time evaluating the NWFFT medical, dental, and vision plans and found the coverages provided to be nearly identical to those offered by AWC, including the LEOFF 1 retirement plans. Our biggest concern when evaluating the plans was the impacts to LEOFF 1 retirees, and staff is comfortable with the NWFFT plans offered, as they will have little to no impact to our LEOFF 1 retirees. The expected savings generated by moving to the NWFFT plans in 2017 based on a July 1 changeover, is \$219,925. The savings for 2018 are estimated at \$464,944 and 2019 at \$495,593. The biggest generator of the savings is the decision of the Union to go to higher deductible health plans for active members in exchange for a yearly Voluntary Employees Beneficiary Association (VEBA) plan contribution to each member.

A VEBA is a tax-free health reimbursement account which can continue year over year, and can be used by members and their eligible dependents to reimburse for qualified health expenses. The VEBA can be used by active members and their families to offset any added costs from going to a

higher deductible plan. The balance of any VEBA funds not used can be used by members to offset post-retirement medical costs.

For 2017, the City will contribute \$1,000 for an active member and \$2,000 for an active member with dependents into a VEBA administered by the NWFFT. The cost for these contributions is approximately \$163,000, which will come out of the savings generated. For 2017 only, active members who incur more than \$1,000 in medical costs or active members with dependents who incur more than \$2,000 in medical costs can receive an additional \$500/\$1,000 into their VEBA accounts with proper documentation.

For 2018 and 2019, the City will contribute \$2,000 for an active member and \$4,000 for an active member with dependents into a VEBA administered by the NWFFT. The cost for these contributions is approximately \$326,000, which will come out of the savings generated. No additional VEBA contributions beyond the \$2,000/\$4,000 will be made.

Medical Expense Reimbursement Account (MERP)

IAFF members, not including the Assistant Chiefs, receive a \$100 per month contribution to a MERP that will provide post-retirement reimbursement of medical expenses. The Assistant Chiefs asked to have this benefit added to their contract, which the City agreed to at an annual cost of \$2,400.

Deferred Compensation

IAFF members, not including the Assistant Chiefs, receive a 3% contribution from the City into their Deferred Compensation accounts. They are also required to contribute 6%. The Assistant Chiefs asked to have this benefit and contribution requirement added to their contract, which the City agreed to at an annual cost of roughly \$4,200.

The total savings to the City for the combined medical, MERP, and Deferred Comp changes, and after the VEBA contributions is \$50,370 in 2017, \$132,306 in 2018, and \$162,870 in 2019. Staff is counting on the additional savings generated from this changeover to balance the 2018 and 2019 Operating Budgets.

The remainder of the contract changes is general and/or matching language clean-up items or added language based on operational or management needs.

Neighborhood/Community Interests (if known):

N/A

Options:

1. Move to approve the labor agreements with the International Association of Fire Fighters, Local #468 and Local #468, Assistant Chiefs and authorize the City Manager to execute the agreements.
2. Do not approve the labor agreements with the International Association of Fire Fighters, Local #468 and Local #468, Assistant Chiefs as proposed and direct staff as to next steps.
3. Move to approve the labor agreements with the International Association of Fire Fighters, Local #468 and Local #468, Assistant Chiefs as amended by Council, and authorize the City Manager to execute the agreements.

Financial Impact:

The cost to the City for implementing this contract in 2017 is \$389,839, which is \$50,370 less than what is already included in the 2017 Operating Budget. A summary of the economic agreements is attached.

Attachments:

2017-2019 Labor Contract - IAFF, Local #468

2017-2019 Labor Contract - IAFF, Local #468, Assistant Chiefs

Economic Agreement Summary - 2017-2019 IAFF, Local #468 Labor Contract, Including Asst. Chiefs