



Agenda Item:

Extra Item 1

COUNCIL COMMUNICATION City Manager's Office

GENERAL INFORMATION

Agenda Date: 02/07/2005
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No.:

Communication

Roll Call

Submitted by: Thomas G. Turner, Human Resources Director

SUBJECT—

New bargaining agreement with the Des Moines Association of Professional Fire Fighters, Local No. 4.

SYNOPSIS—

Approve the new labor agreement between the City of Des Moines and the Des Moines Association of Professional Fire Fighters, Local No. 4 for the period July 1, 2005 through June 30, 2008 and authorize the Mayor to sign the new agreement on behalf of the City.

FISCAL IMPACT—

The first year of this agreement is estimated to be about \$300,000 less than the planned budget over the next three years due to changes in health insurance.

RECOMMENDATION—

Approve

BACKGROUND—

The Des Moines Association of Professional Fire Fighters, Local No. 4 (Fire Union) and the City of Des Moines engaged in collective bargaining pursuant to the requirements of Iowa Code

Chapter 20. This bargaining was conducted in the context of a continuing philosophy announced in 1999 to bring the compensation of the Des Moines fire fighters to a level near that of the highest municipal fire departments in the state. The target for comparison has been Davenport, which led the state in compensation in 1999. Significant increase in the pay schedule for the Fire Union has substantially if not completely closed the gap in regard to cash compensation. However, a key difference existed in regard to Davenport and two other larger fire departments in the state (Waterloo and Cedar Rapids). Those three departments worked a so-called Kelly Day Schedule or 53 hour workweek. This work schedule was a key bargaining objective of the Fire Union.

The City entered bargaining with the objective of maintaining the wage gains made over the last five years and to emphasize a need to obtain financial relief in the cost of the health insurance. The City pursued both a change in the plan design and a contribution toward premium. Both parties achieved their objectives. The following is an outline of the changes:

1. Work Schedule

Beginning July 1, 2005, the department will adopt a Kelly Day schedule. This will put Des Moines on the same basis as Davenport, Cedar Rapid and Waterloo.

2. Wages

The union will receive a 3.25% across the board wage increase on July 1 of each of the three years of the agreement. The planned FY06 budget was a 3% increase. The additional 0.25% represents an approximate increase in costs of \$40,000 in each year.

3. Health Insurance

Beginning July 1, 2005, the Fire Union has accepted the SPM insurance plan. This plan is the same insurance offered to the City's unrepresented employees (SPM), AFSCME employees and both the clerical and professional unions of the Library. Based on the most recent renewal quote from Wellmark, the single premium is reduced from \$478.77 per month to \$423.01 per month or a savings of \$55.76/month per single covered employee. The family premium is reduced from \$1,196.93 per month to \$1,057.52 per month or a savings of \$139.41 per month. Based on the February billing enrollment for the fire union (201 with family coverage under Wellmark) the City's cost will be at least \$361,000 less than incurred without this change. The actual savings from the budget may be higher as the remaining 12 additional firefighters approved as part of the overall addition of 24 firefighters associated with the change in the electric and gas franchise fee have not been included in this cost estimate.

4. Health Insurance Contributions

Beginning July 1, 2006, year two of the labor agreement, the Fire Union has agreed to contribute \$15 per month toward the cost of family health coverage. The contribution

increases to \$17 per month on July 1, 2007 (year three). These contributions represent \$36,180 in the second year of the agreement and \$41,004 in the third year as additional cost savings.

5. Dental Insurance

The City has agreed to increase the annual maximum benefit per covered person under the self-funded dental plan from \$750 to \$1000 beginning July 1, 2006 (second year of the agreement). The dental benefit has not been increased for at least 20 years.

6. Dental Insurance Contribution

The Fire Union has agreed to contribute \$1 per month for family dental coverage beginning July 1, 2006. This contribution will reduce costs by \$2868 per year.

7. ICMA-RC Advantage Retirement Health Savings Plan

The ICMA-RC Advantage Retirement Health Savings Plan will be made available to Fire Union employees immediately. This plan was adopted by the City Council on November 22, 2004 for SPM employees. The Council Communication noted that the City would make this no cost plan available to bargaining units that reach a voluntary settlement with the City. This plan provides a tax deferred vehicle for employees to direct any termination payments of accumulated sick or vacation leave to provide a tax free reimbursement for deductible health expenses including insurance premiums after termination of employment.

The agreement also contains other language changes to conform to practices of the parties in recent years. The Des Moines Association of Professional Fire Fighters Local No. 4 ratified this agreement by a vote of its members held on February 1 and 2.