

REPORT OF THE COMMITTEE ON BUDGET

Voting Members:

Ann H. Kobayashi, Chair; Stanley Chang, Vice Chair;
Carol Fukunaga, Joey Manahan, Kymberly Marcos Pine

Committee Meeting Held
January 17, 2014

Honorable Ernest Y. Martin
Chair, City Council
City and County of Honolulu

Mr. Chair:

Your Committee on Budget, which considered Resolution 13-294 entitled:

"RESOLUTION APPROVING COLLECTIVE BARGAINING COST ITEMS
FOR THE HAWAII FIRE FIGHTERS ASSOCIATION BARGAINING
UNIT 11 INCLUDED AND EXCLUDED MANAGERIAL EMPLOYEES OF
THE CITY AND COUNTY OF HONOLULU,"

introduced on December 10, 2013, reports as follows:

The purpose of the Resolution is to approve collective bargaining cost items for the Hawaii Fire Fighters Association Bargaining Unit 11 included and excluded managerial employees of the City and County of Honolulu.

The Director of the Department of Human Resources testified in support of Resolution 13-294.

Your Committee received one testimony in support of Resolution 13-294 from a member of the public.

Your Committee received one testimony in support of Resolution 13-294 from the following institutions, organizations, and governmental agencies:

1. Robert H. Lee, President, Hawaii Fire Fighters Association, Local 1463, IAFF, AFL-CIO

CITY COUNCIL

CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON JAN 29 2014

COMMITTEE REPORT NO. 14

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Your Committee on Budget is in accord with the intent and purpose of Resolution 13-294 and recommends its adoption. (Ayes: Kobayashi, Chang, Fukunaga, Manahan, Pine – 5; Noes: None.)

Respectfully submitted,


Committee Chair

At the 1/29/14 Council meeting, the Resolution was amended and subsequently adopted in the form attached hereto as Resolution 13-294, FD1.

CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ADOPTED ON JAN 29 2014

COMMITTEE REPORT NO. 14



RESOLUTION

APPROVING COLLECTIVE BARGAINING COST ITEMS FOR THE HAWAII FIRE FIGHTERS ASSOCIATION BARGAINING UNIT 11 INCLUDED AND EXCLUDED MANAGERIAL EMPLOYEES OF THE CITY AND COUNTY OF HONOLULU.

WHEREAS, Chapter 89, Hawaii Revised Statutes (HRS), establishes a statewide collective bargaining process for public employees; and

WHEREAS, pursuant to Chapter 89, HRS, the employers and representatives of Bargaining Unit 11 (Hawaii Fire Fighters Association) began negotiations on October 6, 2010, concerning a collective bargaining agreement for the employees in the bargaining unit; and

WHEREAS, negotiation efforts were unsuccessful and an arbitrator appointed by the parties rendered an award on November 30, 2013; and

WHEREAS, HRS Section 89C-3(b)(2) states that the Director of Human Resources shall formulate a recommendation for City Council approval which "Ensure(s) that adjustments for excluded civil service employees result in compensation and benefit packages that are at least equal to the compensation and benefit packages provided under collective bargaining agreements for counterparts and subordinates within the employer's jurisdiction"; and

WHEREAS, the new collective bargaining agreement makes adjustments to wages and other non-wage cost items and is effective from July 1, 2011 through June 30, 2017; and

WHEREAS, pursuant to Section 89-11(g), HRS, the wage and non-wage cost items are subject to appropriations by the respective legislative bodies; now, therefore,

BE IT RESOLVED by the Council of the City and County of Honolulu that it approve the collective bargaining cost items for the Bargaining Unit 11 included and excluded managerial employees of the City and County of Honolulu, a summary of which is attached as Exhibit A; and



RESOLUTION

BE IT FINALLY RESOLVED that copies of this Resolution be transmitted to the Mayor and Director of Human Resources of the City.

INTRODUCED BY:

Ernest Martin (br)

DATE OF INTRODUCTION:

December 10, 2013
Honolulu, Hawaii

Councilmembers

**COLLECTIVE BARGAINING REPORT TO CITY COUNCIL
AGREEMENT FOR BARGAINING UNIT 11 INCLUDED AND EXCLUDED MANAGERIAL**

Negotiations

Negotiations with the Hawaii Fire Fighters Association (HFFA) began on October 6, 2010. The Hawaii Labor Relations Board declared impasse on February 1, 2011, and the parties selected Arbitrator Douglas Collins as the neutral arbitrator. Hearings were conducted from March 11, 2013 through March 15, 2013, in Kona, Hawaii, and on November 12, 2013, and November 13, 2013, in Honolulu, Hawaii. A final and binding decision on the Bargaining Unit 11 interest arbitration was rendered on November 30, 2013.

Positions Covered in the City and County of Honolulu (as of November 1, 2013)

Bargaining Unit	Included	Excluded	Total
11 – Firefighters	979	-0-	979

Duration

The Bargaining Unit 11 collective bargaining agreement is effective from July 1, 2011 through June 30, 2017.

Cost Items

The cost items resulting from the arbitration panel's decision are as follows:

Effective July 1, 2011 up to and including June 30, 2013:

No changes to the Bargaining Unit 11 collective bargaining agreement.

Effective July 1, 2013:

Wages

Two percent (2%) across-the-board salary adjustment to the salary schedule.

Effective January 1, 2014:

Wages

1. Two percent (2%) across-the-board salary adjustment to the salary schedule.
2. Addition of a new maximum step L5 (25 years of service) to the salary schedule.
3. Employees on a step or receiving a basic rate of pay lower than warranted by their cumulative years of service will move to the appropriate step in their salary range on January 1, 2014.
4. Catch-Up Step Movements: Employees who are on a step or receiving a basic rate of pay lower than warranted by their cumulative years of service will move to the next higher step in their salary range on the employees' service anniversary date.

5. Service Step Movements: Employees who complete the cumulative years of service required for the next higher step in the pay range will move to such step on the employees' service anniversary date, provided that the employee did not receive a catch-up step movement.
6. All other employees who are on or beyond their appropriate step based on their cumulative years of service shall remain at their respective step or rate until such time as the employees' cumulative service corresponds with the next higher step on the salary schedule.

Effective July 1, 2014:Wages

1. Two percent (2%) across-the-board salary adjustment to the salary schedule.
2. Catch-Up Step Movements: Employees who are on a step or receiving a basic rate of pay lower than warranted by their cumulative years of service will move to the next higher step in their salary range on the employees' service anniversary date.
3. Service Step Movements: Employees who complete the cumulative years of service required for the next higher step in the pay range will move to such step on the employees' service anniversary date, provided that the employee did not receive a catch-up step movement.
4. All other employees who are on or beyond their appropriate step based on their cumulative years of service shall remain at their respective step or rate until such time as the employees' cumulative service corresponds with the next higher step on the salary schedule.
5. Employees with 25 or more years of service whose salaries are below Step L5 of the employees' salary range shall be placed on Step L5 of the employees' salary range on the employees' service anniversary dates.

Rank-for-Rank Recall

Eligible fire fighters shall be offered 12 overtime shifts per fiscal year via the Rank-for-Rank Recall program.

Temporary Change in Station Pay

An Employee who is temporarily assigned to report to a fire station other than their permanent fire station shall receive a temporary change of station pay as follows:

- A. Fifty dollars per twenty-four hour work shift or for a partial work shift if an employee is required by the Fire Chief or designee to pack up and transport their personal living items for overnight relief.
- B. Fifty dollars for up to three consecutive twenty-four hour work shifts, and every additional three consecutive work shifts thereafter, at the same temporary location if the employee is provided a securable locker space to house his or her personal items and department equipment.

Effective January 1, 2015:

Wages

1. Two percent (2%) across-the-board salary adjustment to the salary schedule.
2. Catch-Up Step Movements: Employees who are on a step or receiving a basic rate of pay lower than warranted by their cumulative years of service will move to the next higher step in their salary range on the employees' service anniversary date.
3. Service Step Movements: Employees who complete the cumulative years of service required for the next higher step in the pay range will move to such step on the employees' service anniversary date, provided that the employee did not receive a catch-up step movement.
4. All other employees who are on or beyond their appropriate step based on their cumulative years of service shall remain at their respective step or rate until such time as the employees' cumulative service corresponds with the next higher step on the salary schedule.
5. Employees with 25 or more years of service whose salaries are below Step L5 of the employees' salary range shall be placed on Step L5 of the employees' salary range on the employees' service anniversary dates.
6. Employees shall receive no more than one step movement between July 1, 2014 and June 30, 2015.

Effective July 1, 2015:

Wages

1. Two percent (2%) across-the-board salary adjustment to the salary schedule.
2. Catch-Up Step Movements: Employees who are on a step or receiving a basic rate of pay lower than warranted by their cumulative years of service will move to the next higher step in their salary range on the employees' service anniversary date.
3. Service Step Movements: Employees who complete the cumulative years of service required for the next higher step in the pay range will move to such step on the employees' service anniversary date, provided that the employee did not receive a catch-up step movement.
4. All other employees who are on or beyond their appropriate step based on their cumulative years of service shall remain at their respective step or rate until such time as the employees' cumulative service corresponds with the next higher step on the salary schedule.
5. Employees with 25 or more years of service whose salaries are below Step L5 of the employees' salary range shall be placed on Step L5 of the employees' salary range on the employees' service anniversary dates.

Effective January 1, 2016:Wages

1. Two percent (2%) across-the-board salary adjustment to the salary schedule.
2. Catch-Up Step Movements: Employees who are on a step or receiving a basic rate of pay lower than warranted by their cumulative years of service will move to the next higher step in their salary range on the employees' service anniversary date.
3. Service Step Movements: Employees who complete the cumulative years of service required for the next higher step in the pay range will move to such step on the employees' service anniversary date, provided that the employee did not receive a catch-up step movement.
4. All other employees who are on or beyond their appropriate step based on their cumulative years of service shall remain at their respective step or rate until such time as the employees' cumulative service corresponds with the next higher step on the salary schedule.
5. Employees with 25 or more years of service whose salaries are below Step L5 of the employees' salary range shall be placed on Step L5 of the employees' salary range on the employees' service anniversary dates.
6. Employees shall receive no more than one step movement between July 1, 2015 to June 30, 2016.

Effective July 1, 2016:Wages

1. Five percent (5%) across-the-board salary adjustment to the salary schedule.
2. Catch-Up Step Movements: Employees who are on a step or receiving a basic rate of pay lower than warranted by their cumulative years of service will move to the next higher step in their salary range on the employees' service anniversary date.
3. Service Step Movements: Employees who complete the cumulative years of service required for the next higher step in the pay range will move to such step on the employees' service anniversary date, provided that the employee did not receive a catch-up step movement.
4. All other employees who are on or beyond their appropriate step based on their cumulative years of service shall remain at their respective step or rate until such time as the employees' cumulative service corresponds with the next higher step on the salary schedule.
5. Employees with 25 or more years of service whose salaries are below Step L5 of the employees' salary range shall be placed on Step L5 of the employees' salary range on the employees' service anniversary dates.

Excluded Managerial

In accordance with HRS Section 89C-3(b)(2), managers excluded from Bargaining Unit 11 shall be provided adjustments that result in compensation and benefit packages that are at least equal to the compensation and benefit packages provided under collective bargaining agreements for counterparts and subordinates within the employer's jurisdiction.

Excluded Managerial Positions in the City and County of Honolulu (as of November 1, 2013)

Bargaining Unit	Total
EM – Excluded Managerial	23

The following chart summarizes the City's estimated salary costs for the six-year contract period:

SALARY COSTS FOR BARGAINING UNIT 11 AND EM					
	FY14	FY15	FY16	FY17	TOTAL FY14-17
Wage*	\$3,576,556	\$11,649,882**	\$17,603,652**	\$25,946,673**	\$58,776,763
Temporary Change in Station Pay	-0-	\$383,000	\$383,000	\$383,000	\$1,149,000
Rank-for-Rank Recall	-0-	\$8,893,809	\$9,424,348	\$10,080,873	\$28,399,030
Total	\$3,576,556	\$20,926,691	\$27,411,000	\$36,410,546	\$88,324,793

* Includes wage-related fringe benefits.

**Includes rollover from previous year

Employer-Union Health Benefits Trust Fund (EUTF)

Effective July 1, 2013, the Employer will pay specific monthly contributions, which are generally equivalent to 60% of the premium cost and 60% of the administrative fees for the Trust Fund health benefit plans and 100% of the premiums and fees for the Life Insurance plan.

Effective July 1, 2014, the Employer will pay specific monthly contributions which are generally equivalent to 60% of the premium cost and 60% of the administrative fees for all plans, except the life insurance plan (for which the Employer shall pay 100% of the premium and fees) and the PPO and HMO plans. The Employer will pay a specific dollar amount for the PPO and HMO plans. The dollar amounts the Employer will pay will be the 2013-2014 Employer Contribution rates plus an increase of \$10, \$20, or \$30, for the self-only, two-party, and family rates, respectively.

For fiscal years 2016 and 2017, the parties have the option to reopen this section to determine the Employer's contribution. If an agreement covering period(s) beginning July 1, 2015 to June 30, 2017, is not executed by June 30, 2015, employer contributions to the Trust Fund shall be the same monthly contribution amounts paid in the plan year 2014-2015 for the Health Benefit Plan approved by the Trust Fund including monthly administrative fees.

The total Employer's contribution regarding EUTF is as follows:

FY 2014	FY 2015	FY 2016	FY 2017
\$5,904,657	\$6,188,096	-	-