
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: January 9, 2004

SUBJECT: **CITY COUNCIL LABOR POLICY AND
LABOR BARGAINING PROTOCOL AGREEMENT**

AFFECTED COUNCIL DISTRICTS: Citywide

STAFF REPORT BY: Gary Mumford

**ADMINISTRATIVE DEPT.
AND CONTACT PERSON:** Department of Management Services
Jamey Knighton, Labor Relations Specialist

KEY ELEMENTS:

Each year, the City Council develops and adopts a Labor Bargaining Protocol Agreement with the Mayor to ensure that the mutual needs of the City Council and the Administration are met during the labor bargaining process. In addition, the City Council considers adopting a City Council Labor Policy prior to the beginning of the budget process. The City's negotiating team is headed by Jamey Knighton and Lyn Creswell as attorney support.

MATTERS AT ISSUE :

This year's bargaining process will include negotiations with the International Association of Firefighters, Local 1645 (Fire Union) and the International Union of Police Associations, Local 75 (Police Union). The American Federation of State, County and Municipal Employees (AFSCME Union) signed a three-year contract in 2002; therefore, negotiation with this union is not necessary at this time.

Labor Bargaining Protocol Agreement – Attached is the Labor Bargaining Protocol Agreement that was adopted by the City Council and the Mayor in 2002. This document contained the following provisions:

- Prior to negotiations, the Mayor confers with the Council (closed session):
 - ❑ The Mayor briefs the Council on revenue projections and expected labor issues.
 - ❑ The Council may provide the Mayor with compensation issues the Council desires to be considered in the negotiating process.
 - ❑ The Council provides the Mayor with a tentative commitment of what the Council will be willing to fund for employee compensation and benefits.
- The Mayor will undertake negotiations and seek to reach an agreement within the tentative financial commitments given by the Council by May 20th.
- The Mayor will periodically keep the Council apprised of the status of the negotiations (closed sessions). The Council may modify the Council's tentative funding commitment.
- Once agreement with a union is reached within the Council's tentative commitment, the Mayor will forward a proposed agreement to the Council for ratification.
- In the event agreement with a bargaining unit is not reached by May 20th, the Council reserves the right to set compensation and employee benefits by ordinance.

City Council Policies on Labor Relations – The City Council's Labor Policy is a document that the Council may wish to adopt to indicate to the Administration, the unions, and the public the Council's philosophical and policy directions with regard to labor relations. The Policy contains guidelines that will assist the Administration in preparing a labor package that meets the Council's goals and priorities and is, as a result, likely to be supported by the City Council. Attached is the Council's 2002 policy document, which contained the following provisions:

- Salary surveys and market analysis should be based on local employers with whom the City competes for qualified personnel.
- In years that salary surveys are not conducted, salary adjustments should be based on the Consumer Price Index.
- General compensation adjustments should be based on recommendations of the Citizens Compensation Advisory Committee.
- Contracts with bargaining units should be multi-year and staggered.
- The City should provide a cafeteria benefit plan to allow employees a variety of choice within a fixed level of subsidy.
- The commuter vehicle fee is a non negotiable item.
- Total costing of full compensation including benefits and any compensation portions that are absorbed within departmental budgets should be disclosed to ensure that a true total compensation cost is considered during the City's negotiation process.

Multi year contracts – Multi-year contracts have the advantage of saving staff time, which allows the negotiating team members to accomplish more of their other duties. But disadvantages of multi-year contracts include setting future pay increases without knowing the City's fiscal ability or without actual market comparisons for the second or third years. Last year, the City Council was in the awkward position of either denying previously agreed upon increases or appropriating fund balance. *The Council may wish to discuss with the Administration whether it may be prudent to adopt multi-year contracts only for non-economic issues and open the contracts each year to set economic provisions.*

Balanced budget – In June 2002, the City Council adopted a legislative intent statement that the Administration present a budget that is balanced using on-going revenues to fund expenditures including 9% of ongoing General Fund revenues invested annually in the Capital Improvement Program fund. *Does the Council wish to add a similar statement to its policies on labor relations?*

Appropriations of fund balance – The Council also adopted a legislative intent statement to maintain a healthy fund balance of at least 10% of General Fund revenue. In October 2003, the Council received a briefing regarding unfunded employee leave liability. The General Fund unfunded liability as of June 30, 2003 was \$14.1 million. If this leave liability is taken into account, the City's General Fund balance would be only \$5.1 million, which is \$3 million less than the 5% minimum required by state law. In view of the unfunded employee leave liability, does the Council wish to include in its statements that it is the policy of the City Council to take into consideration unfunded liabilities when evaluating the health of the City's fund balance and determining fiscal ability to fund compensation packages?

Note: In the past, there were a few isolated attempts during the negotiation process by representatives of bargaining units to lobby Council Members. According to Council Policy, Council Members should refrain from discussing negotiation issues with union representatives during the negotiation process. This allows each branch of City government to preserve and respect their separate functions during the bargaining process.

OPTIONS:

The Council may wish to discuss whether the attached Council labor relations' policy and agreement accurately reflect the Council's current policy direction. The Council may wish to modify, add or delete policy items or agreement provisions and confirm whether the Administration has any proposed modifications to the protocol agreement. In particular, the Council may wish to consider the following:

1. Delete the policies that encouraged multi-year and staggered contracts.
2. Add the following policy relating to fiscal ability
The City Council intends that total general fund expenditures including any negotiated salary increases are to be funded from ongoing revenues. It is the Council policy that total general fund expenditures include a transfer each year of 9% of ongoing general fund revenue to the capital improvement projects fund. One-time revenue sources including fund balance are not to be considered in determining fiscal ability during labor negotiations, and unfunded liabilities are to be taken into consideration.

BACKGROUND:

In 1984, the Council amended and approved a Labor Bargaining Resolution that sets forth which employee groups may bargain, how employees may elect their bargaining representative, what is to be bargained and what is not subject to bargaining, general rules for bargaining, what may occur if the parties are at an "impasse" in bargaining, prohibitions against employees striking or taking similar job actions, and so forth. A copy of this resolution is available in the Council Office for your reference.

cc: Rocky Fluhart, Brenda Hancock, Jamey Knighton, Ed Rutan, Lyn Creswell, DJ Baxter
