

# Agenda Report

January 10, 2022

**TO:** Honorable Mayor and City Council

**FROM:** Human Resources Department

**SUBJECT: ADOPTION OF A RETROACTIVE SALARY SCHEDULE FOR THE PASADENA FIRE FIGHTERS ASSOCIATION FOR THE PERIOD OF OCTOBER 2, 2006 – JUNE 29, 2014 AND A RETROACTIVE EFFECTIVE DATE FOR FIRE STAFF PREMIUM SIDE LETTER OF AGREEMENT**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the action proposed herein is not a “project” as defined in the California Environmental Quality Act (CEQA), Public Resources Code Section 21065 and Section 15378(b)(2) of the State CEQA Guidelines and, as such, is not subject to environmental review;
2. Approve retroactive Salary Schedules for the Pasadena Fire Fighters Association (PFFA) for the period of October 2, 2006 – June 29, 2014; and
3. Approve a retroactive effective date of August 9, 2004 for the Fire Staff Premium Side Letter of Agreement that was previously approved on September 21, 2015.

## **BACKGROUND:**

The California Public Employees’ Retirement System (CalPERS) uses salary schedules to determine pay rates and establish pensionable compensation for purposes of determining retirement benefits. CalPERS requires that all pay rates be paid pursuant to a publically available salary schedule approved by a member agency’s governing body in order to qualify as compensation earnable for purposes of retirement. Compensation reported to CalPERS may not exceed the maximum pay rates established in the publically available salary schedules approved by the governing body.

A recent CalPERS review of payroll reporting identified two items for correction. The first item relates to reporting of base pay that exceeded the rates established in the publically available salary schedule approved by the City Council; the second item

relates to Memorandum of Understanding language that was used to establish a special assignment premium pay. These items can be corrected through City Council approval of a retroactive salary schedule for the period of October 2, 2006 – June 29, 2014 and a modified side letter of agreement related to the special assignment premium pay, retroactive to August 9, 2004. Approval of these items will ensure compliance with CalPERS payroll reporting regulations and prevent unintended impacts to retiree benefits.

### **Salary Schedules**

The 2005 to 2008 Pasadena Fire Fighters Association (PFFA) Memorandum of Understanding (MOU) included a salary schedule for the period of August 8, 2005 – October 1, 2006. The MOU did not include pre-defined pay increases for the subsequent years of the agreement. Rather, it included a City Council approved provision that established the methodology for calculating increases in future years based on salary surveys to be conducted annually.

Pay increases in 2006, 2007, and 2008 were established through this methodology. Based on survey results, base pay increases of 3.5% - 4%, depending on rank, were implemented on October 2, 2006. Increases of 3.2% - 4.5%, depending on rank, were implemented on October 1, 2007, and increases of 3.8% - 6.2%, depending on rank, were implemented on October 14, 2008. Updated salary schedules were not presented to the City Council for approval as CalPERS did not require this until August 10, 2011. Nevertheless, CalPERS has determined that pay was reported in excess of the publically approved salary schedule beginning in October 2006, and Council approval of a retroactive salary schedule is required to correct the issue.

Pay rates remained unchanged from October 14, 2008 to June 2014, at which point a new salary schedule was approved by the City Council. It is important to note however that pay rates during this time were made public via other documents such as job descriptions.

### **Special Assignment Premium Pay**

A Fire and Environmental Safety Bonus in the amount of 10% of base pay was approved by the City Council effective August 9, 2004. This premium pay was provided to PFFA members who were assigned to work a 40-hour schedule in the Fire Department's Fire and Environmental Safety Division. A 2015 CalPERS special compensation review determined that the term Fire and Environmental Safety Bonus did not align with a CalPERS special compensation category as is required for premium pays to be reported as pensionable compensation. This was corrected through a Side Letter Agreement approved by the City Council on September 21, 2015 by which the pay was identified instead as a Fire Staff Premium. The Side Letter of Agreement was made retroactive to July 1, 2013. However, CalPERS has determined that the Side Letter of Agreement needs to be made retroactive to August 9, 2004.

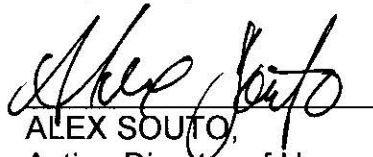
**COUNCIL POLICY CONSIDERATION:**

Approval of staff's recommendation supports the City Council's strategic goals of maintaining fiscal responsibility and stability.

**FISCAL IMPACT:**

There is no fiscal impact associated with the approval of this item as this is an administrative clean-up item.

Respectfully Submitted,



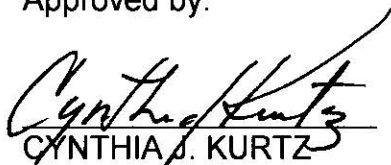
ALEX SOUTO,  
Acting Director of Human Resources

Prepared by:



Michael Paliwoda  
Senior Human Resources Analyst

Approved by:



CYNTHIA J. KURTZ  
Interim City Manager

Attachments:

1. October 2, 2006 – June 29, 2014 PFFA Salary Schedules
2. Amended Fire Staff Premium Side Letter of Agreement