City of Las Vegas

Agenda Item No.: **41.**

AGENDA SUMMARY PAGE

CITY COUNCIL MEETING OF: JANUARY 6, 2010

DEPARTMENT: CITY MANAGER
DIRECTOR: ELIZABETH N. FRETWELL

☐Consent ☒ Discussion

SUBJECT:
ADMINISTRATIVE:

Report and possible action on changes to NRS 288 regarding laws governing collective bargaining and other related issues - All Wards

Fiscal Impact

☐ **No Impact** ☐ **Augmentation Required**
☐ **Budget Funds Available**

Amount:
Funding Source:
Dept./Division:

PURPOSE/BACKGROUND:
Changes to state statutes now require additional reporting and public hearings related to negotiations, arbitration and fact-finding. Staff will outline all changes for Council, provide a status update on all current contracts, and executive and appointive compensation.

RECOMMENDATION:
Direct staff accordingly

BACKUP DOCUMENTATION:
Submitted after Meeting - PowerPoint Slides by Staff

Motion made by GARY REESE to Accept the report

Passed For: 7; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0
RICKI Y. BARLOW, LOIS TARKANIAN, STEVE WOLFSON, OSCAR B. GOODMAN, GARY REESE, STEVEN D. ROSS, STAVROS S. ANTHONY; (Against-None); (Abstain-None); (Did Not Vote-None); (Excused-None)

NOTE: COUNCILMAN ROSS disclosed he is the Secretary-Treasurer of the Southern Nevada Building and Construction Trades Council, and in this capacity he helps secure work for union workers or for the members of those trade unions he represents. The trade unions also engage in collective bargaining from time to time with various managements. Today's item is to accept the report regarding laws governing collective bargaining under Nevada Revised Statute 288, which covers only local government employees and management. Because this report has no bearing on his clients or his job representing them, disclosure is necessary, but he would be participating in any discussion and possible action on this item.

Minutes:
CITY MANAGER ELIZABETH FRETWELL indicated the item would be trailed to be heard after the Closed Session, at the request of COUNCILMAN REESE.

When discussion on this matter resumed, CLAUDETTE ENUS, Director of Human Resources, gave a brief overview of NRS 288; the Local Government Employee Management Relations Act, which created the Employee Management Relations Board (EMRB). The Board consists of three members appointed by the Governor, and only two of these members may be from the same party. They serve four-year terms and sit as a three-person tribunal. This Act recognizes employee groups and local government employers and discusses the relationship between local government employers and those employee organizations. It limits and defines the scope of mandatory bargaining between those employee organizations and their local government employers. It also defines and limits consideration of ability to pay by the public-sector employer. It prescribes the use of fact-finders and arbitrators, and fact-finders' decision may or may not be binding; however, an arbitrator's decision, under NRS 288, is always binding on the parties. The Act also prevents local government employees from striking.

MS. ENUS stated that during the last legislative session, Senate Bill 427 modified and revised some of the provisions of NRS 288, NRS 286, NRS 241 and other chapters. Under Senate Bill 427, arbitrators are required to consider not only compensation from the local government but also in-state and out-of-state compensation, so the comparisons have been broadened. Additionally, it must consider the agency's ability to pay over the course of the term of the labor agreement. Many local entities have multi-year contracts and not just a single year labor agreement between the employee organization and the local government employer. As of January 1, 2010, the arbitrator must consider the fiscal impact of the multi-year contract, which is beneficial to local government employers.

In addition, SB 427 now provides that the Chief Operating Officer, and in the City of Las Vegas case, the City Manager, will be required to submit a report after the fact-finders' decision has been rendered. That report must come forward at a public hearing within 45 days of that decision, it must review the issues negotiated, arbitrated, the fact-finder recommendation or arbitrator decision must be brought forward. However, the arbitrator cannot be required to discuss his or her decision. The fiscal impact of the recommendation also must be a part of the report rendered by the Chief Operating Officer.

MS. ENUS added that additional provisions were added relative to modifications in the Public Employee Retirement System (PERS), symbolizing the new employee. Members of PERS that are hired after January 1, 2010, with at least 10 years of service, must now retire at 62 years of age. In addition, the multiplier has been lowered to 2.5 percent from to 2.67 percent.

COUNCILMAN WOLFSON verified that benefits for employees hired on or after January 1, 2010 have been decreased. He pointed out that the State legislature is recognizing the financial realities of the situation and has taken steps for the future. The Councilman also verified that the arbitrator can consider wages from out-of-state. He noted that the Las Vegas Chamber of Commerce reported that both local and State government employees rank sixth in the nation as far as benefits.

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DAN TARWATER, City of Las Vegas Employees Relations Manager, provided a brief update on the labor negotiations. He indicated that a letter will be sent out notifying other bargaining units the opening of the entire contract for the supervisory unit and non-supervisory unit.

MR. TARWATER indicated that after receiving the City Manager's letter of November 20, 2009, he has been scheduling meetings with other bargaining units to work on a reduction goal. He has scheduled two meetings with the Police Protection Association, and he will meet with the fire unit on January 27th. They have a commitment to meet next week with the POA and Las Vegas City Employees' Association. He will keep the Council informed of all scheduled meetings.

MS. ENUS clarified that any decision relating to the negotiations results will be brought to the City Council. MAYOR GOODMAN believed there was going to be more of a public transparency to collective bargaining as a result of the new legislation. The public does not really understand what happens during the collective bargaining process until the very end.

CITY MANAGER ELIZABETH FRETWELL pointed out she will have to prepare a thorough financial impact report regarding the outcome of negotiations, successful or adjudicated. There may be points that the City Council would prefer as a public presentation on the status of the negotiations. This would be at the discretion of the Mayor and Council. MAYOR GOODMAN felt the public should hear the results of negotiations with both appointive and classified employees. It is pertinent because all concession would depend upon a global resolution with all the unions. One group cannot be asked to make a sacrifice without asking the other groups.

CITY MANAGER FRETWELL indicated that on November 20 she sent a letter to each bargaining unit and asked for a response by January 7, 2010, in order to facilitate a resolution prior to the final development of the City's budget as it relates to any changes in wages and benefits.

She provided PowerPoint slides of the plans for both executive and appointive employees, which reflect approximately an eight percent cut to their salary and benefits. The executives is a group of 110 employees, who serve as directors, deputy directors and managers overseeing the different departments. The executive employees would undergo salary reductions through furloughs, wage roll-backs, foregoing the City's match to the 401(a), contribution to PERS and administrative and merit days off. The approximately 200 appointive employees serve as professional and support staff, such as analysts and administrative officers, who have significant responsibilities. The appointive employees would also undergo salary reductions through the same ? described for executives. Both executive and appointive employees have not received merit increases or bonuses for the last two years.

Both plans would be implemented on July 1, 2010, pending similar concessions by the other City's bargaining units. This requires a comprehensive approach to wage and benefit reductions, as it is considered to be the primary solution to overcome the budget shortfalls.

MAYOR GOODMAN confirmed with CITY MANAGER FRETWELL that the executives will be taking about a 10.5 percent cut. The explanation was that the executive level was trying to set an example for the rest of the City and City employees. The City Manager added that it recognizes the two-year shortfall.

Referring to the chart, CITY MANAGER FRETWELL indicated that the executive plan results in close to a 16 percent reduction in Fiscal Year 2011. The appointive's number is much higher because they often enjoyed a Cost of Living Adjustment, which the executives do not receive.

COUNCILMAN BARLOW asked if the numbers reflect that the executive have not received an increase over the last few years. CITY MANAGER FRETWELL responded that the total percentage will show the impact of them not getting an increase they would normally have received. This is a one-year snap shot of Fiscal Year 2011.

CITY MANAGER FRETWELL clarified for COUNCILMAN BARLOW that last year a half of one percent adjustment was made to absorb the PERS impact. Additionally, appointive employees do not receive step increases.

CITY MANAGER FRETWELL indicated that these plans are reasonable approaches that will enhance productivity and reduce benefits and wages.

COUNCILMAN WOLFSON discussed with CITY MANAGER FRETWELL that through discussions with the executive and appointive employees, these plans were presented. These reductions are subject to the Citys bargaining units agreeing to certain concessions. The Councilman stated these employees should be applauded for agreeing to such drastic reductions.

COUNCILMAN WOLFSON noted that this is an opportunity to make changes, not only for Fiscal Years 2011 and 2012, but for future years to come. He discussed with CITY MANAGER FRETWELL that the plan included changes to the benefit structure. In November, the salary range for executives was reduced, and she intends to modify the total number of days off and eliminate the 401(a) match. Additionally, longevity will be capped at its current state and will not grow.

COUNCILMAN BARLOW verified that executive and appointive employees receive the 401(a) match. He asked if the City could possibly be further negatively impacted by the upcoming special legislative session. CITY MANAGER FRETWELL replied that most of the Citys funding flows through the state. Her understanding is that there may be a need for a special legislative session. It depends upon what the Governor puts in his executive order when he calls that special session, but local governments may not be part of that discussion during that special session. Staff has been working diligently with the legislative leadership and representatives of the City of Las Vegas to keep them as informed as possible about the Citys current fiscal condition. She is hopeful there will not be any intrusion into the Citys revenue, legislatively or by the continued erosion of the economy.

COUNCILMAN WOLFSON asked if the management plan includes elected officials and judges. CITY MANAGER FRETWELL replied that it only affects the 401(a) match. It would take a different kind of action for the Council to adjust the current rate of pay for the elected officials because compensation is set by ordinance. The Councilman remarked that he could not ask any City employee to take a reduction without doing the same.

COUNCILWOMAN TARKANIAN concurred with the Councilman's statements because employees cannot be asked to make a sacrifice without others making a sacrifice. COUNCILMAN ROSS stated that the Council needs to lead by example and direct staff accordingly.

MAYOR GOODMAN commented that this has not been an easy process and every single day is agonizing, not only for the decision makers and those who are trying to shape the future of the City, but also for the employees, whose services are valued. The employees will get a report of this presentation. It is important for other employees and other bargaining units to recognize how this would affect the future. He hopes that during the negotiations, everyone is going to try to come with a solution or ideas. Collective bargaining is part of a binding contract, and people cannot be forced to break or amend a contract. The only alternative to resolving this would be to reduce the workforce.

COUNCILMAN REESE indicated that it takes everybody pulling together to achieve a resolution to the budget shortfalls, which was created by the economy's downturn. All contracts are negotiated in good faith, and in good faith a solution needs to be reached.