

IN THE FACTFINDING PROCEEDINGS
PURSUANT TO THE MEYERS-MILIAS-BROWN ACT

LOMPOC FIREFIGHTERS' ASSOCIATION,
IAFF 1906

Association,

&

CITY OF LOMPOC,

Employer

Case No.: LA-IM-327-M

FACTFINDING REPORT AND
RECOMMENDATIONS FOR
SETTLEMENT

Chairperson: Najeeb N. Khoury

Employer Panel Member: Gabriel Garcia, Human Resources Director,
City of Lompoc

Association Panel Member: Louis Farah, Jr., President of IAFF 1906

Hearing Date: November 3, 2023

BACKGROUND

The Lompoc Firefighters' Association, IAFF 1906 ("Association") represents firefighters, engineers and captains employed by the City of Lompoc ("Employer" or "City"). There are 24 individuals in the bargaining unit.

The parties have been bargaining for a two-year successor contract that will run from July 1, 2023-June 30, 2025, and have reached impasse on one issue: salary increases. The City proposed a 5% increase for each of the two years; the Association countered with a 7% increase for each of the two years. The parties reached a conceptual agreement for a one-time longevity bonus of \$2,500 for employees who have 5 years of service and an additional one-time longevity

bonus of \$5,000 for employees who have 10 years of service, meaning that employees who have 10 years of service at the time of ratification will receive a one-time lump payment of \$7,500.

The City declared impasse on August 1, 2023, and I was appointed as the factfinding panel chair on October 2, 2023. The factfinding hearing occurred on November 3, 2023 via Zoom. At the factfinding hearing, both parties advocated for their positions through verbal presentations and supporting documents.

ANALYTICAL FRAMEWORK

Unlike interest arbitration, where a third-party neutral sets the terms of a new contract, a third-party neutral chair in a Meyers-Milias-Brown Act (MMBA) factfinding simply provides recommendations. In essence, this makes factfinding an extension of bargaining. Ultimately, the parties must persuade one another of their positions, and the neutral factfinder simply provides an outside perspective to help the parties along.

As set forth in California Government Code Section 3505.4(d), the MMBA requires factfinders to “consider, weigh, and be guided” by the following criteria:

1. State and federal laws that are applicable to the employer.
2. Local rules, regulations, or ordinances.
3. Stipulation of the parties.
4. The interests and welfare of the public and the financial ability of the public agency.
5. Comparison of the wages, hours, and conditions of employment of the employees involved in the factfinding proceeding with the wages, hours, and conditions of other employees performing similar services in comparable public agencies.
6. The consumer price index for goods and services, commonly known as the cost of living.
7. The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays, and other excused time, insurance and pensions,

medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.

8. Any other facts, not confined to those specified in paragraphs (1) to (7), inclusive, which are normally and traditionally taken into consideration in making the findings and recommendations.

Per the parties' collective bargaining agreement, the parties agreed to use the following list of comparable agencies: the County of Santa Barbara, the City of Santa Barbara, the City of Santa Maria, and the City of San Luis Obispo.

ISSUE AND RECOMMENDATION

Issue: Salary

The parties agree that bargaining unit members are paid below market. However, the parties disagree about the financial prudence of granting yearly 7% increases.

The City argues that it is seeking to maintain internal comparability with its other bargaining units and needs to maintain financial stability.

Lompoc notes that its police unit has already agreed to a two-year deal with 5% annual increases, and that Lompoc has had a greater retention problem with police, meaning it would make little sense to provide firefighters a greater economic package than what was provided to the police unit. Lompoc has also agreed to a two-year deal with 4% annual increases for its general unit.

As part of its quest for financial stability, the City has sought to address its CalPERS unfunded liability and has created a Governmental Capital Improvement Fund. Lompoc points out that it will not receive relief from its CalPERS unfunded liabilities until 2034. It also notes that it aims to create reserves equaling 25% of its budget; that the adopted FY 2023-2025 General Fund estimates a minimal surplus of \$88,000; and that its June 2022 reserves were

approximately \$1,000,000 below its target after it transferred funds to the Capital Improvement Fund.

While Lompoc acknowledges it lags in pay when compared to the fire agencies from the jurisdictions listed in the parties' MOU, it asserts that those jurisdictions are not truly comparable. It points out that the California State Auditor has given Lompoc a much worse score on its financial risk factor as compared to those other jurisdictions and that the Lompoc median home value of \$353,100 and the Lompoc median household income of \$60,234 are substantially lower than the median home values and median household incomes in those other jurisdictions.

Lompoc finally notes that it has made significant recent investments in the Fire Department, including increasing the Department's operating expenses, joining the Santa Barbara County Regional Dispatch, and replacing and updating key equipment.

For these reasons, it believes its offer of 5% yearly raises should be adopted.

The Association responds that bargaining unit members are 24-27% behind the comparator agencies; that inflation has been closer to 7% than 5%; that the Fire Department has experienced a 140% turnover rate in the last decade, which has led to diminished institutional knowledge, low morale and difficult succession planning; and that the City has provided more than 5% equity adjustments for classifications that are particularly behind the market. It specifically notes that police dispatchers, police dispatch supervisors and community service officers received 7% raises and some classifications represented by IBEW 1245 received 14% increases (the City responds that no bargaining unit received an across-the-unit amount above 5%). The Association also points out that over the last 10 years the bargaining unit has only received a 20% increase in wages or an average of 2% a year, meaning that the bargaining unit members' wages have not kept up with the market or with inflation.

The Association notes that the dollar amount difference between the two sides' proposals only equates to \$74,200 a year or \$148,400 cumulatively. The Association believes that the City can easily afford this and is in a much healthier financial position than it claims. The Association points out that the City's cash and investments have increased by \$35 million in three years and that the City's unassigned balance fund has increased by \$16.6 million in the same time period. The Association also asserts that comparisons between the City's projected budgets and actual financials show that the City consistently over projects expenses and under projects revenues. The Association notes that the City's revenue has been growing steadily due to sources such as a 2020 sales tax measure and cannabis tax revenues. The Association concludes by arguing that all the MMBA factfinding factors point in favor of its proposal.

For these reasons, the Association argues that the factfinding panel should adopt its proposal.

Recommendation

I recommend the following settlement: The parties should bridge their cumulative \$148,400 gap by agreeing to pay bargaining unit members retention bonuses which will not have ongoing costs. This will allow the City, in two years' time, to reassess whether this added money can be permanent. This will also allow the Association to receive all the money it is asking for in this two-year deal, although it will have to bargain for the maintenance of the marginal difference during the next bargaining cycle.

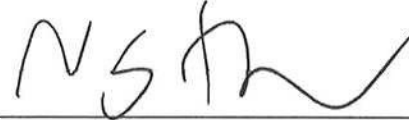
I specifically recommend that the parties structure the retention bonus money as four retention bonuses paid out at different points during the two-year contract. This will serve as an incentive for bargaining unit members to stay at the Department, as they will be leaving money on the table if they leave before the retention bonus payment dates.

In terms of the retention bonus amounts, I note that \$148,400 divided by twenty-four is a little more than \$6,000, and \$6,000 is evenly divisible by four. I, therefore, recommend four retention bonus payments of \$1,500 to be paid on the following dates: January 1, 2024, July 1, 2024, January 1, 2025, and June 30, 2025.

I further note that if this recommendation is accepted, the bargaining unit members will be able to receive both longevity and retention money. While these dollars are not ongoing or recurring, they are still substantial additions to the 5% annual raises.

I sincerely hope that this recommendation assists the parties in reaching a negotiated settlement.

Date: December 4, 2023



Najeeb N. Khoury

Fact-Finding Hearing with the City of Lompoc
and the City of Lompoc Firefighters Association, IAFF 1906 (IAFF)
Case No. LA-IM-327-M

Concurrence and Dissent to the Fact-Finding Report and Recommendations
by City Representative Gabriel Garcia

As the representative for the City of Lompoc (City) to the Fact-Finding Panel, I want to start by thanking Neutral Panelist Mr. Najeeb Khoury, for his hard work and attentiveness in this matter. The City's dissent from his recommended terms of settlement are not a reflection of any defect in his logic or good faith efforts to attempt to reach an agreement. Rather, I am respectfully dissenting from his recommendations for two main reasons. First, the City sincerely believes that its last best and final offer (for an increase of 10% over the next two years and an increase in medical insurance), is a significant proposal that stretches the City to its fiscally sustainable limits. Second, the Fire Association rejection of Mr. Khoury's reasonable proposal evidences that the IAFF is unwilling to work collaboratively with the City to reach an agreement. Accordingly, while the City was hopeful that the fact-finding process would help illustrate to the Association why its proposal was internally consistent and fiscally appropriate, the City is not in a position to potentially unilaterally impose more than was contained in its Last Best and Final Offer (LBFO).

A. Concurrence

In general, I agree with most of the factual findings contained in the Report. The Report correctly identifies the City's challenging budget difficulties due to the pace of the City's expenses compared to its revenues over the foreseeable future. The City's structural budgetary crisis is largely driven by sharp, state-mandated increases in pension costs, healthcare inflation for employee benefits, and limited revenue growth. This may continue to create growing deficits each year for the next ten years. While the City has attempted to address these budgetary challenges in the past, by reducing its expenses, and pursuing additional tax revenues, these efforts do not allow the City to provide more than was in its LBFO without risking returning the City to its fiscally unsustainable past.

To the extent that the Report is consistent with the City's attempts to remain fiscally sustainable, and that it supports a 10% wage increase over the next two years, I support its recommendations.

B. Dissent

Again, I respectfully dissent from the Report's recommendation for an increased lump sum amount of \$6,000.00 per member. As stated above, I appreciate and support Mr. Khoury's reasonable suggestion, but absence an agreement from IAFF there is no reason of the City to change its LBFO. While no decision has been made by the City, the City may choose to go forward with unilaterally implementing its LBFO and providing the first year of the wage increases to IAFF. This would be as a sign of support to the hard working members of the fire department. Accordingly, the City believes that it has provided IAFF with a more than fair offer and that it is willing to stand by its offer even absent an agreement with the Association.



Gabriel Garcia
Human Resources Director
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12/01/2023

Date