

In the Matter of the Impasse Between)	
)	
<i>CITY OF REDONDO BEACH,</i>)	
)	
Public Employer)	FACTFINDING REPORT AND
)	RECOMMENDED TERMS OF
- and -)	SETTLEMENT
)	
<i>REDONDO BEACH FIREFIGHTERS</i>)	February 7, 2014
<i>ASSOCIATION,</i>)	
)	
Exclusive Representative)	
_____)	

COMPOSITION OF THE FACTFINDING PANEL:

Neutral Chairman: ROBERT BERGESON, Arbitrator/Factfinder
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City Member: STEVEN BERLINER, Esq.
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PRESENTING EVIDENCE/ARGUMENT TO THE PANEL:

On Behalf of the City: PHILLIP TOOMEY, Partner, Carico Johnson Toomey
PETER GRANT, Assistant City Manager
WILLIAM BENZ, Associate, Carico Johnson Toomey

On Behalf of RBFA: STUART ADAMS, Partner, Adams Ferrone & Ferrone
CHRIS LUBBA, RBFD Engineer
BRAD SWEATT, RBFD Engineer

BACKGROUND AND PROCEDURAL HISTORY

Redondo Beach (City) is a charter city. It is considered “full service” in the sense that City government provides the gamut of municipal functions including general administration, police, fire,

library, public works, community development and the like. The City engages in collective bargaining with six employee organizations, among which is Redondo Beach Firefighters Association (Association or RBFA). The RBFA bargaining unit contains approximately 58 employees who hold the classification of firefighter, harbor patrol officer, firefighter/paramedic, fire engineer, harbor patrol sergeant/deputy harbor master or fire captain.

In recognition of what was undisputedly a bad financial condition for the City, sometime in 2008, RBFA approached City management with various suggestions for alleviating some of the financial burden for compensation of the aforementioned unit. The result of the process then engaged in was a six percent reduction in the compensation of all bargaining unit classes. Other employee groups ultimately agreed to a similar reduction in salaries.

The most recent memorandum of understanding (MOU) between the parties expired on or about July 1, 2012. Bargaining sessions conducted over many months since that time have not resulted in agreement to a successor MOU and on August 13, 2013, the Association made its final proposal for settlement to the City. With regard to monetary items, FBFA offered to have unit members pick up three percent of the employee contribution to the California Public Employees Retirement System (CalPERS) (the City presently pays all of the employees' CalPERS contribution) in exchange for the City agreeing to pay for anticipated increases to CalPERS in amounts discussed below plus two percent increases to the salary schedule for fiscal year (FY) 2013-2014 and additional two percent increases to the salary schedule effective July 1, 2014 and January 1, 2015. Although not so labeled on the written proposal, at the hearing before the Panel, RBFA titled that proposal its last, best and final (LBFO) offer.

On November 13, 2013, the City presented the Association with its own LBFO. In relevant part, that offer was for a three percent increase in compensation to be effective upon approval of that offer by RBFA's membership. The proportion of that three percent offer which would be applied to the salary schedule cannot be determined from the data presented to a factfinding panel (Panel) thereafter created.

The Panel is composed of neutral chairman Robert Bergeson, with whom the City and the Association have contracted, City designee Steven Berliner of the law firm Liebert Cassidy Whitmore and firefighter/paramedic Gregory Allen, who is also the former president of RBFA.

The state Meyers-Milias-Brown Act (codified at Government Code § 3500 et seq.) authorizes factfinding panels to meet with representatives of the disputing parties through investigation and/or hearing and, if an agreement settling all issues cannot be reached, to make factual findings based on the evidence presented and to recommend terms of settlement. To initiate those quasi-legislative responsibilities a hearing was held in the conference room of the library next to City Hall on February 4, 2014 during which the parties were given full opportunity to present evidence on the outstanding issues. The Panel chairman thereafter prepared a draft of the instant report with recommendations and the panel met in executive session by conference call for purposes of review and amendment of that draft. Chairman Bergeson thereafter prepared a final copy of this report and recommendation which was provided to the partisan members of the Panel for their signature or accompanying dissent.

RELEVANT FACTORS

Government Code § 3505.4(d) specifies as follows:

In arriving at their findings and recommendations, the factfinders shall consider, weigh, and be guided by all the following criteria:

- (1) State and federal laws that are applicable to the employer.
- (2) Local rules, regulations, or ordinances.
- (3) Stipulations 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 employment 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 or traditionally taken into consideration in making the findings and recommendations.

Any criterion which has not been relied upon by the parties has not been considered in arriving at the findings and recommendations made herein.

ISSUE

Issues beyond what have been addressed hereafter have been involved in the present dispute. However, at the factfinding hearing, the Association agreed to limit its evidence presentation to simply the cost items involved. In addition to salary and CalPERS contributions, those included compensatory time off, vacation time, bereavement leave and the working of consecutive and other shifts. Because the City exercised its statutory right to insist upon issuance of this report no later than February 7, the minimal time between the hearing date and the latter date preclude any consideration of those less significant items herein. As to salaries and CalPERS contributions, in brief, the parties' positions are the following.

Summary of Association Position

Not only have bargaining unit members not realized a salary increase during a time when the Los Angeles-Orange County Consumer Price Index has risen 10.6 percent, they have assumed a six percent decrease in their total compensation and have accordingly fallen behind their counterparts at the contiguous cities of Torrance, Hawthorne, Manhattan Beach and El Segundo. The six percent reduction was necessitated by the City's loss of income during the worst economic downturn since the Great Depression. However, as indicated in a lengthy report from Harvey M. Rose and Associates of San Francisco dated November 20, 2013, when compared to similar cities, Redondo Beach had a lower-than-average ratio of indebtedness to assets, it is one of only two such cities that has begun funding future employee health care costs, some of the City's Internal Service Funds is surplus and should be returned to the funds from which obtained, the City's Capital Improvement Project Fund has a healthy balance of five million dollars, the City could save \$331,000 per year if it would prepay its CalPERS employer contributions and the City could save an additional \$380,000 by paying off a 4.5 percent \$1.9 million loan from the state. In short, the City has plenty of money to fund what the Association advocates.

Summary of City Position

The City is in the upper quartile of firefighter salaries among the 88 full-service cities in Los

Angeles County. Despite the six percent reduction assumed by employees in this bargaining unit, that they are still well paid is exemplified by the fact that in 2011, the City has 677 applicants to fill one firefighter position and 161 applicants to fill one firefighter/paramedic opening. And in 2013, the City received 250 applications for the one firefighter/paramedic opening it had. The City's cost to provide CalPERS pensions for unit members increased 18 percent from FY 2010-2011 to FY 2012-2013. An increase of 74 percent is projected to occur from FY 2013-2014 through FY 2019-2020. If those estimates prove to be accurate, the dollar amount involved would raise CalPERS costs for RBFA-represented employees by an average of 3.2 percent annually. Contrary to assertions in the Rose letter, the City has significant unfunded capital improvement projects "vital to improve the City's ability to continue to provide services to its residents and visitors" such as \$2.6 million for drainage improvements, \$2.8 million for street improvements and \$44.3 million for public facility improvements. Accordingly, the City cannot afford the 12-20 percent increase advocated by the Association.

Analysis and Recommendation

At the outset it should be said that there is a distinct difference between what a biased participant in the present process asserts and that of a truly independent entity without a dog in the proverbial fight. For that reason and because of the questionable expertise of some of those weighing in on the issue of the City's budget, the Panel is unpersuaded by various documents supplied by both parties. As examples, both the publicceo.com article presented by the City and the winter 2013 Rose letter presented by the Association exude less than neutral slants nor can the bona fides possessed by the authors be determined.

Are Harvey M. Rose and Associates and the publishers of publicceo.com licensed professionals of some sort whose reputation in their field is therefore contingent on the maintaining of some sort of accepted standard? If so, the Panel is unaware of it. And the objectivity of something presented at a different arbitration by a City purchasing analyst on behalf of a different employee organization presented to the Panel by the Association is just as suspicious.

In contrast, Rogers, Anderson, Malody & Scott LLP, which reported on the City's financial condition on December 13, 2013, are certified public accountants, whose report was thus "conducted . . . in accordance with auditing standards generally accepted in the United States of America and

the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.” To put it another way, in matters of this nature where the financial wherewithal of the City is at issue, factfinding panels are often presented with a “battle of the experts” in the form of competing analyses by accredited accounting firms. In a court of law, opinion testimony cannot even be offered until one is qualified as an expert through the showing of sufficient education, training, experience, familiarity with authoritative references and the like that the court is convinced they have significantly more knowledge than laypersons. However, neither have the authors of the relied-upon documents been so qualified.

Granted, factfinding is a far less formal process than civil litigation. Nevertheless, even once a witness has been qualified by the court as an expert, the jury is not obligated to be persuaded by their testimony if those finders of fact somehow doubt the expert’s veracity. Such is the case here. In other words, although the parties were not obligated to justify the qualifications of the authors of the documents relied upon, neither is the Panel compelled to be persuaded by their publications. And given the obvious bias exuded in all or most other than the Rogers Anderson report, the Panel opts not to be so persuaded.

Having so opined, we turn to the reliable documentation provided.

Preliminarily, it is apparent the City can afford to offer more than merely a three percent increase upon ratification or implementation of its last, best and final offer.

The Association asserts that in 2012-2013, the City underestimated its revenue by almost \$5 million. Although that may be true on its face, as the City points out, \$1.6 million of that was a result of the elimination of redevelopment agencies while an additional \$1.2 million was due to the winning of two lawsuits. Accordingly, with regard to revenue sources which might be used to fund any increase for this bargaining unit, the City actually underestimated its revenue by not \$5 million but by about \$2.1 million. That still seems significant but as data from the Association itself indicate, in 2011-2012, the underestimate was just one-third as much and in 2010-2011, it was similarly about \$1.3 million. In 2009-2010 and 2008-2009, the City overestimated its revenue by about \$1 million each year. In 2007-2008, 2006-2007 and 2005-2006, the City again underestimated revenue by about \$1.5 million, \$1.8 million and \$4.3 million, respectively. Thus, in six of the eight years of figures supplied by the Association, the City underestimated its revenue and over the space of those eight

years, the median was an underestimate of about \$1.4 million per fiscal year.

The City acknowledges it can afford to increase compensation of not just the RBFA bargaining unit but the other four City bargaining units by three percent upon ratification or implementation. Could the City prudently do more? The majority of the Panel is of the opinion it could.

The aforementioned report by Rogers Anderson contained no “blowing of whistles” as City Asst. Mgr. Grant put it. Moreover, the City was determined by the Grand Jury to have the “best fiscal practices” of any city in the county of Los Angeles. Although the Grand Jury recommended that the City set aside at least two months of general operating revenue for economic contingencies, among the considerations leading to its lofty rating was the “Setting aside [of] adequate funds.” According to the City’s unrebutted documentation, such “adequate” funds are in the amount of \$5,889,783. In a perfect world it would be wonderful if the City could double that amount of reserves. However, the Panel majority believes such frugality would be a disservice to this bargaining unit, which as RBFA notes was the first in the City to broach with management ideas and offers to cut back on the amount it receives in recognition of the financial difficulty the City had in 2008. Although the Panel cannot recommend the panoply of proposals advanced in the Association’s final pre-factfinding proposal, the majority nevertheless believes RBFA’s proposal should serve as a template for settlement of the parties’ dispute.

During negotiations, the City indicated that each one percent increase to the RBFA unit would cost the City \$82,700. A January 6, 2014 press release by City Manager Bill Workman indicates that a three percent adjustment for all five bargaining units would cost the City \$833,000 per year. Extrapolating from that, three years of two percent increases for the RBFA unit fully retroactive to the beginning of each fiscal year would cost a total of \$165,400 while such an increase for all units would cost about \$1,666,000.

If the City’s trend of underestimating its revenue was to continue, it could fund three years of such increases simply from income not included in its adopted budget. Accordingly, but for possible CalPERS increases it appears the City could afford such a multi-year increase for all bargaining units. And that would be even without any corresponding agreement by RBFA to begin contributing three percent of bargaining unit member salaries in an effort to alleviate the City’s

pension burden. However, the Panel notes that in March 2015, the anchor tenant of South Bay Galleria, Nordstrom's, will close its doors, with an anticipated corresponding lost revenue of about \$770,000 annually. Although one would assume a replacement anchor tenant could be obtained by the property owner, the present inquiry runs merely through June 30, 2015. Thus, any settlement reached must anticipate the annual loss of that estimated \$770,000 going forward beginning that March.

On the other side of the coin is contributions to CalPERS. It is uncontested that the primary reason for the 16.8% increase in total employee compensation costs to the City notwithstanding givebacks has been CalPERS' underestimate of its anticipated revenue. The fact is, CalPERS failed to accurately anticipate the economic downturn and its corresponding investment losses and has needed to increase fees to its member agencies in order to compensate. However, in the same manner it can be anticipated that the loss of revenue from closure of the local Nordstrom's will have on the City's budget following expiration of any three-year MOU reached, savings will gradually be realized as the result of passage of the Public Employees' Pension Reform Act of 2013. Indeed, as stated in a December 17, 2013 CalPERS document entitled Agenda Item 7a, Review of Actuarial Assumptions, "PEPRA will require all new PEPRA members to contribute at least 50 percent of the total annual normal cost of their pension benefit as determined by the actuary."

Currently, the City is paying 100 percent of firefighters' CalPERS contribution. Accordingly, although savings via PEPRA will be realized only through replacement of current bargaining unit members, such replacement will allow the City to realize substantial savings in cost per employee in subsequent years. More on that below.

Is an increase in salary warranted by comparison to comparable agencies? The majority of the Panel believes it is.

As mentioned, the City has expended considerable effort in delineating the salaries of other "full service" cities within Los Angeles County. However, many of those jurisdictions are clearly not comparable. Axiomatically, the cost of living in the Redondo Beach area is drastically higher than is the case in such locations as Compton, Montebello, Monterey Park and San Gabriel. Thus, the Panel is of the opinion the most comparable agencies are the neighboring cities of Manhattan Beach, Hermosa Beach, Torrance and El Segundo and it is a comparison with those that is therefore

the most persuasive.

The Panel has been provided with only very limited data as to recent salary increases elsewhere. Indeed, the only such information has come from the Association in the form of information it says it obtained from memoranda of understanding involving Los Angeles County Fire Department, Culver City, Manhattan Beach and Hermosa Beach. In each of the latter two jurisdictions, salaries have been increased by an amount equal to the increased contributions of employees toward CalPERS. In Manhattan Beach, salaries have again been increased by three percent in January 2014 with an additional 2.5 percent increase scheduled for January 2015.

The City's own data indicate that fire captains' total compensation is an average of \$285,156 in those four most comparable cities whereas Redondo Beach fire captains are paid a total compensation of \$243,893 annually, or 14 percent less than in those other four jurisdictions. The City's data similarly indicate that fire engineers receive higher total compensation in those four comparable cities. Redondo Beach fire engineers receive \$217,517 in annual total compensation whereas the average of the other four jurisdictions is \$237,468, or 16 percent more. Only El Segundo, Hermosa Beach and Manhattan Beach employ firefighter/paramedics, where employees holding that classification are paid an average total annual compensation of \$193,408. In this case, the \$224,899 total compensation paid by the City is actually 14 percent more than in the comparable jurisdictions.

The conclusion to be drawn is that salaries do lag a bit in Redondo Beach in comparison to the most comparable agencies. That is a reason to recommend something beyond the City's last, best and final offer. Another reason is the good faith shown by RBFA in the past. As the Association has also presented to the Panel, not only did members of this bargaining unit accept reductions in pay, since the last time their salaries were increased, the Los Angeles-Orange County Consumer Price Index has risen by 10.06%.

Accordingly, the following factors persuade of the need for a greater increase in compensation than proposed by the City. One, the marked increase in the cost of living since firefighters last received a raise. Two, the good faith shown by this bargaining unit in partnering with the City to arrive at means of assisting with its financial difficulty and three, the corresponding need for the City to do its utmost to replenish the six percent reduction previously implemented.

Balancing the various considerations above, it is the opinion of the Panel majority that the parties should agree to the following.

First, that a three-year memorandum of understanding be implemented as proposed by the Association, the term of which should be July 1, 2012 through June 30, 2015.

Second, that in order to bolster the City's budget, bargaining unit members should agree to pick up three percent of their CalPERS contribution as also proposed by RBFA. The effective date thereof is addressed below.

Third, that as a means of ensuring the provision of sufficient financial resources to fund the recommendations below that no salary increases (nor the three percent CalPERS pickup) be effective until near ratification of the deal struck, or soon hereafter. Granted, the prospect of nearly no retroactivity presents an additional burden to bargaining unit members. However, as RBFA has advocated, priority should be given to restoration of the six percent reduction.

Fourth, that the salary schedule be increased on the dates and in the amounts set forth below.

Similar to or perhaps consistent with the first prong of RBFA's LBFO, if agreement can be reached, the salary schedule should remain the same until the first pay period of January, 2014. So doing would mean that if a three-year bargain were struck, unit members would receive no salary increase over the first half of the deal but would receive a two percent increase halfway through. Put another way, salaries would be improved in the amount of zero percent over the first 12 months of the MOU and the equivalent of one percent the second 12 months. In recognition of the continuing sacrifice made by unit members in the sense of mere mitigation as opposed to full elimination of the six percent reduction agreed to in 2008, the salary schedule should then be increased by an additional two percent effective the first pay period of January, 2015 and then an additional two percent the final three months of the contract commencing with the first pay period of April, 2015. The effective result of that would be an increase in the salary schedule of not the full six percent over the final year of the MOU but rather an effective increase of 3.25 percent over that final year.

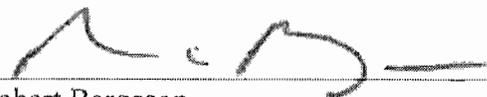
It is noted that rather than offering a three percent salary increase effective upon ratification, the City has offered a three percent total compensation increase which would include picking up the increased CalPERS costs, whatever exactly they may prove to be. For its part, the Association has offered to have the employees it represents pick up three percent of the employee contribution

thereto and the Panel majority is of the opinion that to be a good faith approach to the problem. We further believe that fully restoring the salary schedule to its pre-2008 level would not only be equitable and thus beneficial to employee morale, so doing could serve an ancillary purpose.

During the hearing there was some discussion of turnover, or more specifically, lack thereof. Although that may be indicative of satisfaction with the compensation received, it may also suggest that a number of retirement eligible employees have been anticipating restoration of the six percent giveback so as to enhance their pension. Increasing the salary schedule by a full six percent could serve as an inducement to such unit members to retire circa commencement of FY 2016-2017. Replacing retirees with new hires lower on the salary schedule would save the City money in salaries for that fiscal year. And because of the impact of PEPRA, such new hires would save the City significant money in retirement costs as well. The combination of the two could result in total compensation savings sufficient to mitigate the loss of sales tax revenue from closure of the Nordstrom's until such time as a replacement anchor store could be found by South Bay Galleria.

The Panel majority accordingly so recommends.

Respectfully submitted,



Robert Bergeson
Impartial Chairman

I concur.



Gregory Allen
RBFA Panel Member

City Panel Member Berliner's dissent begins on page 12.

CONCURRENCE AND DISSENT OF PANEL MEMBER STEVEN M. BERLINER

I concur with that part of the Report and Recommended Terms of Settlement (“Report”) recommending that there be no increases and that the full 6% compensation reduction remain in effect until January 1, 2014. The City did not propose retroactivity, and that element of the Report is sound. I dissent, however, with the rest of the Report as it presents a perfect example of why binding interest arbitration was correctly determined to be unconstitutional. The Report proposes to replace the City Council’s discretion on how to appropriately run the City of Redondo Beach (“City”) with the Majority’s own discretion.

The City presented a compelling case as to why its proposal of a 3% total compensation increase for a one year contract was superior to the Redondo Beach Fire Fighters Association’s (“Association”) proposal for a 6% total compensation increase over time under the statutory factors to be considered. The Association’s evidence, on the other hand, was in some respects, not credible (and I applaud the Majority’s decision to discount its weight).

The Report is replete with inaccuracies and speculation unsupported by any evidence in its recommendation of a three year package not offered at the table by either party. I will address the most egregious examples below.

The City’s Offer Is Appropriate Given Its Financial Circumstances

The premise for the Report is the Majority’s statement at page 6, “Preliminarily, it is apparent the City can afford to offer more than merely a three percent increase upon ratification or implementation of its last, best and final offer.” The premise is fundamentally flawed. Any city could “afford” to give increases if forced to forego its other priorities, borrow, spend down its reserves or the like. However, ability to “afford” an increase is not analyzed in a vacuum and

is not a criterion for consideration by itself. Rather, the fourth statutory element that the panel is to consider is, “The interests and welfare of the public and the financial ability of the public agency.”

The factor does not look at the mere ability of a public agency to cobble together enough money to pay increases for a year. It instead requires an analysis of the interests and welfare of the public in conjunction with the agency’s financial ability. There was no evidence presented that it would be in the public interest and welfare to forego other priorities in order to provide compensation in excess of what the City proposed. The City introduced evidence that included:

1. The City only recently ran general fund deficits;
2. Any increases in revenue are being absorbed by rising personnel costs;
3. The per capita incomes of the City’s residents have dropped considerably;
4. City contributions to CalPERS are projected to increase by over 75% from FY 2010-2011 to FY 2019-2020 to \$17,696,208 annually. The majority of that increase applies to safety (the City’s costs for the Association are projected to increase by 75.4% from \$2,406,594 in FY 2010-2011 to \$4,221,322 in FY 2019-2020);
5. At least one large tax paying company (Nordstrom) has announced plans to move out of the City resulting in an immediate loss of \$770,000 in annual tax revenue and more as that shopping mall undergoes renovations, dampening shopping during that period;
6. The Harbor Area will also undergo renovations, which will reduce consumer spending and therefore, tax revenues, during that period;
7. The City cannot fund needed capital improvement projects and those projects are underfunded by more than \$50,000,000. The City has not been able to reach its goals to annually set aside funds for this purpose;
8. The City has a large (\$15,000,000) unfunded liability for retiree medical benefits; and
9. The City’s general fund reserves are only about one-half of what the Grand Jury recommends.

Despite the fact that the City was determined by the Grand Jury to be the best in the County in managing its finances, “The Panel Majority believes such frugality would be a disservice to this bargaining unit” There is no consideration of the impact on the tax paying citizens as more money is diverted from other projects to pay more compensation, or any deference granted to the discretion of the City Council elected to make these decisions on how to spend limited City resources.

The City introduced evidence showing that total compensation for Association members was at or near the top quarter in Los Angeles County. It is important to point out that total compensation included the pick up by the City of employee CalPERS contributions. While the Association focused on base salary (which gives an incomplete picture of ongoing costs), the City focused on what has actually been paid- that is, total compensation. Average annual total compensation was as follows:

Fire Captain: \$243,893 (8th out of 29)
County-wide average: \$211,287

Fire Engineer \$217,517 (7th out of 28)
County Average: \$190,371

Firefighter/Paramedic: \$224,899 (2nd out of 15)
County Average: \$176,021

Firefighter: \$172,647 (9th out of 24)
County Average: \$162,583

Total compensation for unit members is well above the County average. In fact, the Majority fails to mention the undisputed evidence that Firefighter/Paramedics in the City have the second highest average total compensation of that classification the entire County. Only the City of Beverly Hills, which is hardly comparable to the City, pays their Firefighter/Paramedics, more. The proposed 3% increase will move Association members up even higher in comparison

with these other agencies.

The Majority asserts that not all of the cities in the County should be considered. Rather, only the higher paid agencies in close proximity to the City should be considered because of the higher cost of living in the City as compared to elsewhere in the County. Cherry picking the agencies is inappropriate unless there is a good reason. No good reason exists here as any public agency in Los Angeles County (and to a lesser extent, beyond the County) can serve as a source of recruiting lateral hires. Moreover, cost of living in the City was not raised, nor was there any evidence presented that any, let alone the majority, of Association members even live in the City. It is well known that given their schedules, firefighters routinely live far from their employment. There is no evidence to the contrary. As such, all the County agencies should be considered.

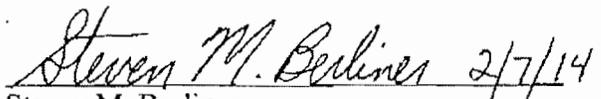
The Majority is also basing its Report on pure speculation of future year revenues. (Report, p. 7). That is inappropriate, not only because the parties are at impasse over a one year contract, but because assuming revenues will continue in one direction is fiscally disastrous if, as is often the case, circumstances change. The Council's proposal walks that fine line to provide enhancements to employees to acknowledge their excellent service for the City, but also attempts to preserve resources for the City's other needs.

The Majority similarly makes too much of potential savings from pension reform. (Report, p. 8). First, the Majority recognizes that any savings will be in the future, yet it suggests that these future savings (which may never materialize) should be used to pay guaranteed increases today. The evidence showed that savings, if any, were likely a decade away, but also that projected PERS contributions will rise approximately 75% during that time. It is not clear how a 75% increase is a savings, but even if it was, the City would not be prudent to commit now to spending some possible future savings.

how a 75% increase is a savings, but even if it was, the City would not be prudent to commit now to spending some possible future savings.

Lastly, there is little turnover in the Association and a lot of interest in positions in the City's Fire Department. The City introduced evidence that in a recent recruitment for a Firefighter/Paramedic, the City received 259 applications from all over the state and out of state. Moreover, retention rates are high. Association members work for the City for 14.91 years, on average, with Fire Captains averaging 21.84 years. The Majority suggests that these retention rates could indicate employee satisfaction with their compensation, but could also suggest they are waiting for the return of the six percent concession to enhance their pension. There is no evidence to support such speculation and it is counter to human nature. Unhappy employees leave to work elsewhere or retire. They do not stay in a bad situation for years and years in hopes of getting an increase in their retirement base. Overall compensation for Association members is high, as the raw data described previously indicates, will be higher with the City's proposal and as a result, many Association members stay with the City for years, and even decades.

For all of the above reasons, I concur with and dissent from the Report.


Steven M. Berliner
Panel Member for the City of Redondo
Beach