



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR
THOMAS M. MENINO

May 18, 2010

TO THE CITY COUNCIL

Dear Councilors:

I transmit herewith a supplemental appropriation request to fund the Fiscal Year 2010 cost of the Joint Labor Management Committee (JLMC) Arbitration decision regarding the Local 718, International Association of Fire Fighters contract. The contract award provides for a 19.2% salary increase over the four years of the contract, a period that expires on June 30, 2010. The total Fiscal Year 2010 cost estimate for these increases is \$18.6 million, which, once adjusted for health insurance changes, will require an appropriation of \$17,587,990. The contract award contains increases on June 30, 2010, the last day of the contract, which will add costs in FY11. The FY11 cost increase, in addition to the increases from FY07 through FY10, results in a funding requirement of approximately \$74 million, exclusive of health insurance changes. By law, I am required to support this award; I hereby do so.

The appropriation being submitted covers only the funding requirements for the current Fiscal Year 2010 costs of this contract. The FY10 amount required is \$17,587,990, of which \$16.1 million was appropriated as a collective bargaining reserve by the City Council as part of the FY10 budget and must now be transferred to the Fire Department. The additional \$1.5 million will be supported by the meals tax approved by the City Council after the adoption of the FY10 budget. The FY07, FY08, and FY09 estimated costs, net of health insurance changes, totaling \$28,884,910, will be funded from collective bargaining reserves encumbered in those years.

The details of the JLMC Arbitration decision include the following wage increases:

- FY07: 2.0% increase in the first pay period
- FY08: 2.5% increase in regular wages in the first pay period
1.5% increase in Hazardous Duty/Specialist Compensation in the first pay period
- FY09: 3.0% increase in regular wages in the first pay period
1.5% increase in Hazardous Duty/Specialist Compensation in the first pay period
- FY10: 3.5% increase on January 1, 2010
2.5% increase on June 30, 2010
\$500 and \$1000 stipends for eligible members of Special Operations Companies based on achieving Technician or Advanced Technical certification

Salaries will also grow on average approximately 2.5% over the contract period as a result of the longevity payment formula commonly called the TCAP. In total, the cumulative increase in salaries at the end of the contract period, June 30, 2010, will be approximately 19.2%.

The FY11 budget that I submitted to the City Council on April 14, 2010, will be out of balance as a result of funding this award. Funding this award will require that the Fire Department's FY11

budget will increase approximately 4% over FY10, at a time when most departmental budgets will decline or remain flat.

The City of Boston, like the Commonwealth of Massachusetts and the country as a whole, has suffered increasing and unprecedented financial constraint for the better part of the last decade. We have made every effort to gradually adjust to this new reality of constrained resources and rapidly increasing fixed costs, including employee health insurance and pension liability. Since FY02, the City's workforce has been reduced by 7%, or more than 1,200 full-time equivalent positions. The City has been relying on reserves and federal stimulus grants to support operating costs, creating a structural imbalance that is not sustainable over the long term.

As I noted in my FY11 budget submission to the City Council in April, a budget, above all, is an accounting of choices. This contract award's 19.2% salary increase will require all of us to make more difficult choices in the days ahead.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas M. Menino". The signature is stylized with a long horizontal stroke at the beginning and a large, looped flourish at the end.

Thomas M. Menino
Mayor of Boston

CITY OF BOSTON
IN CITY COUNCIL

ORDERED: That in addition to the appropriations heretofore made, to meet the current operating expenses of the fiscal period commencing July 1, 2009 and ending June 30, 2010, the sum of SEVENTEEN MILLION FIVE HUNDRED EIGHTY SEVEN THOUSAND NINE HUNDRED AND NINETY DOLLARS (\$17,587,990) be, and the same hereby is appropriated as follows, said sum to be met from available funds pursuant to Section 23 of Chapter 59 of the General Laws: -

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|-----------------|---------------|--------------------|--------------|
| Fire Department | 100-221-51000 | Personnel Services | \$17,587,990 |
|-----------------|---------------|--------------------|--------------|

**I HEREBY CERTIFY THAT
THE FOREGOING, IF PASSED IN
THE ABOVE FORM, WILL BE IN
ACCORDANCE WITH LAW.**



WILLIAM F. SINNOTT
CORPORATION COUNSEL *WFS*