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*In the Matter of Factfinding:*

*-between-*

CITY OF NEEDLES

EMPLOYER

*-and-*

S. B. P. E. A

UNION

CASE NO. LA-IM-112-M

FINDINGS

CONCLUSIONS

RECOMMENDATIONS

DAVID B. HART  
CHAIRMAN

HEARING HELD

November 27, 2012

Needles, California

REPRESENTING:

CITY OF NEEDLES

Thomas S. Slovak, Esq.  
Slovak Baron & Empey LLP

REPRESENTING:

SAN BERNARDINO PUBLIC EMPLOYEES ASSOCIATION

Anthony Walters  
Representative

1 JURISDICTION

2 \_\_\_\_\_ This Fact Finding arises pursuant to Government Code Section 3505  
3 concerning Impasse Procedures as administered by the Public Employment Relations  
4 Board (hereinafter may be referred to as "PERB") between the City of Needles  
5 (hereinafter may be referred to as the "City") and the San Bernardino Public  
6 Employees Association (SBPEA) , (hereinafter may be referred to as the "Union").

7 Unable to reach a settlement, David B. Hart was selected by the parties to act  
8 as an impartial Chairman and empowered him to render an advisory recommendation  
9 in accordance with the PERB'S rules concerning Fact Finding. The panel met in  
10 executive session within the times lines as set forth by the rules. The Hearing was  
11 held within the aforementioned time lines.

12 The Factfinding panel, in addition to the Chairman, included Charles D. Fields,  
13 Esq., appointed by the City, and Michael Moore, Representative, appointed by  
14 SBPEA.

15 The Hearing was held on the date set forth above and the parties had ample  
16 time to present evidence including documents and witnesses.

17 ISSUE

18 'WHAT TERMS SHALL BE INCLUDED IN THE  
19 SUCCESSOR AGREEMENT BETWEEN THE CITY  
20 OF NEEDLES AND SBPEA

21  
22 BACKGROUND

23 \_\_\_\_\_ The recognized Bargaining Unit in the City of Needles, as represented by the  
24 Union, is made up of the Miscellaneous Employees of the City. The term of the  
25 parties most recent MOU was from January 1, 2008 through December 31, 2011. It  
26 appears the parties commenced bargaining for a successor agreement within the  
27 applicable time line.

28 The issues still outstanding at the time of the factfinding hearing were as

1 follows:

- 2 1. TERM
- 3 2. SALARY
- 4 3 RETIREMENT
- 5 4. HEALTH INSURANCE
- 6 5. SUPERVISORS IN THE BARGAINING UNIT
- 7 6. HOLIDAYS
- 8 7. SICK LEAVE
- 9 8. OTHER ECONOMIC ISSUES

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### EMPLOYER POSITION

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**The City of Needles (“City”) finds itself in the same position as many other cities in the State of California. That is, for years the City expected everything to remain the same and granted extremely generous compensation packages to its employees in the Classified Bargaining Unit (“CBU”). The overall compensation package is set forth in the record as are the other economic facts in this case (See City’s Exhibits Tabbed 1 through 16, without Tab No. 9, included). In this Brief, the tabs of the City’s Exhibits will be referenced by number throughout.**

**The large losses all cities incurred due to the elimination of Redevelopment Funds alone was only the beginning of the financial crisis now existing, as explained through oral testimony at the hearing and through documentary evidence submitted in the record. At Tab No. 3 is an extensive summary of the circumstances that caused the present fiscal crisis and the specific issues the City sought to address in its bargaining with the CBU.**

**The City and Needles Public Utility Authority (“NPUA”) budget face sheets are found at Tab No. 8. The City’s deficit was \$472,481 on the date the document was created. Since that time, significant additional costs have been**

1 added to the Budget thereby further increasing the City's deficit. These  
2 include increased health insurance costs which constitute the sum of \$44,000  
3 overall and \$33,650 for CBU employees specifically, as well as an additional  
4 \$47,000 required to be paid to recently departed employee Terry Smith. The  
5 total general fund deficit was estimated at \$563,000 for fiscal year 2012-2013.  
6 However, employee departures have reduced the deficit to its current level of  
7 approximately \$550,000.

8 Bargaining occurred in this case after the commencement of the current  
9 fiscal year on July 1, 2012, as reflected in Tab No. 1. The City sought  
10 expedited bargaining so that necessary cuts would be spread out over the  
11 fiscal year to lessen the impact. Instead of agreeing to expedited bargaining,  
12 the San Bernardino Public Employees Association ("SBPEA") dragged out  
13 and prolonged the bargaining process. The increased severity of the  
14 necessary reductions now required given the lateness of their implementation  
15 is the responsibility alone of the CBU and SBPEA, whose representatives  
16 knew very well what they were doing. This point was repeatedly emphasized  
17 by the City during bargaining to include providing detailed calculations  
18 showing the effect of delays in implementing reductions.

19 At the hearing, the CBU failed to present a single piece of documentary  
20 evidence to the PERB Panel. This confirms the fact that the City timely  
21 shared every piece of information that it had with the CBU and the figures  
22 presented to the CBU in bargaining were the same as those in the City's  
23 Exhibits. The City's calculations and consequences thereof have not been  
24 challenged by any documentary evidence.

25 These figures and the evidence presented to the PERB Panel  
26 demonstrate that the City's Last Best and Final Offer ("LBFO") is one that  
27 the City must implement to balance the Budget, if it is to survive. The City's  
28 witnesses, including Councilpersons Kidd and Campbell as well as City

1 **Manager Dave Brownlee, provided extensive testimony on these issues. The**  
2 **un-rebutted evidence is that the City is struggling to find revenues and to cut**  
3 **costs. It has reduced its employees to a minimum at both the non-classified**  
4 **and classified levels. (See Tab No. 10-A showing positions unfilled in the Non-**  
5 **Classified Unit and as testified to by Mr. Brownlee.) The City is continuing to**  
6 **seek additional cost cuts as testified to by both Ms. Kidd and Mr. Campbell,**  
7 **who are the City Council representatives on the Budget Committee along with**  
8 **Jerry Porter on behalf of the CBU. They also were the persons designated by**  
9 **the City Council to work with the City negotiating team of Messrs. Slovak and**  
10 **Brownlee. Despite the best efforts of the City, the cruel facts are that there is**  
11 **simply no turning away from implementing severe compensation reductions**  
12 **as reflected in the City's LBFO. Nor is there any salvation forthcoming from**  
13 **the sale of the Hospital. As Ms. Kidd testified, the sale has not yet closed and**  
14 **there continues to be mounting monthly losses and potential liabilities, the full**  
15 **extent of which will not be known for approximately 18 months after the sale**  
16 **closes, assuming it ever does.**

17 **Against the testimony of Slovak, Kidd, Campbell and Brownlee, the**  
18 **CBU called witnesses Porter and Lindley. Porter alluded to a phantom**  
19 **employee, but did not refer to the Budget or the figures before him. Lindley**  
20 **gave testimony affirming that, like Porter, he is a supervisor who is passionate**  
21 **about his work on the electric side of the NPUA. He affirmed strenuous**  
22 **efforts have been made over the last several years to cut costs, which efforts**  
23 **are not enough to overcome the deficits at the City and the needs also of the**  
24 **Utility, which is a separate entity with its own Board (and its own deficit).**  
25 **While certainly a qualified electrical supervisor, he demonstrated no**  
26 **knowledge of the City's finances nor did he contradict the testimony of**  
27 **Messrs. Campbell and Brownlee, both of whom made it clear the City cannot**  
28 **solve its general fund deficit by raiding the NPUA (which has extensive legal**

1 duties to bond holders and rate payers, and reserve requirements necessary to  
2 address current antiquated and aging electric, water and waste water systems  
3 now in place). Mr. Lindley did express his desire to have been involved in the  
4 earlier labor negotiations, but explained the CBU did not invite him to  
5 participate. The City respectfully submits that the reason the CBU did not  
6 invite Mr. Lindley to participate is that he would have been inclined to make a  
7 deal and thereby set a precedent that the SBPEA could not accept given  
8 negotiations it has ongoing with other cities.

9 The bargaining history discloses that despite the extraordinarily  
10 negative and severe financial future of the City, the CBU really made no  
11 significant offer as reflected at Tab No. 15. This tepid offer made at the  
12 impasse meeting demonstrates just how non-cooperative the SBPEA and the  
13 CBU were during bargaining and that reaching an agreement under these  
14 circumstances was not its goal. The SBPEA's single goal was to delay the  
15 inevitable reductions as long as possible.

16 Based upon the record before the Panel, the City respectfully submits  
17 that its LBFO be the recommendation of the Panel. If, for whatever reason,  
18 and particularly in light of the lateness in which these compensation  
19 reductions will be implemented under the LBFO, the Panel believes some  
20 modification to the LBFO should occur, the City submits that the Panel  
21 should recommend at least \$400,000 in reductions for the balance of the fiscal  
22 year and at least another \$250,000 in reductions for fiscal year 2013-2014.  
23 The City submits that its non-payroll reductions as set forth in the LBFO  
24 should be followed. These include four furlough hours per week; reductions  
25 in holidays, sick leave, and vacation benefits, with no right to accrue same.  
26 Employees must pay their share of CALPERS contributions now and in the  
27 future, with the City paying the employer's share. New employees are to  
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1 receive only the minimum pension benefits required by the law; and the CBU  
2 must pay for the increase in health insurance premiums to be charged  
3 effective January 1, 2013 and any others later occurring. Thereafter, the  
4 balance of compensation reductions must be taken from pay rates which will  
5 be far less severe if the Panel recommendation discounts the LBFO by  
6 \$100,000. The City requests that reductions in pay levels be uniform rather  
7 than imposing more significant cuts on the higher, more skilled employees.  
8 Accordingly, the City would request that the formula used in Tab 14-4 be  
9 followed rather than the formula shown at Tab 14-5.

10 If this approach were followed, it would mean that instead of a total  
11 compensation reduction of 20.7% (\$500,000 divided by \$2,404,916 as shown  
12 at No. 14-1), the percentage reduction for CBU employees in 2012-2013 would  
13 be 16.6% (\$400,000 divided by \$2,404,916).

14 Under the LBFO as shown as Exhibit 14-4 the existing proposed total  
15 compensation reduction of \$500,000 results in a 20.3% pay rate reduction  
16 along with other cuts in benefits. This essentially means that approximately  
17 50% of the \$500,000 under the LBFO is taken from benefits and the other  
18 50% is taken from hourly pay rates. Assuming \$100,000 less is taken from  
19 employee hourly compensation rates, this means that there will only be a  
20 7.29% (\$100,000 divided by \$1,371,510) reduction in hourly wage  
21 compensation. Should the recommendation be \$100,000 less severe for this  
22 fiscal year, nonetheless these "lost" cost cuts for year 2012-2013, must be  
23 added to the earlier proposed \$150,000 in cuts for 2012-2013 under the LBFO,  
24 which are required due to the already announced, increased costs from  
25 CALPERS in that amount. This means there would be an additional total  
26 compensation reduction in fiscal year 2013-2014 of 12.5 % (\$250,000 divided  
27 by \$2,000,916, the estimated, recalculated, total compensation for CBU

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1 employees after the \$400,000 reduction in fiscal year 2012-2013.) The  
2 evidence discloses the City has no additional expected revenue sources to meet  
3 these costs and thus these compensation reductions have to be made.  
4 It should be noted that these reductions do not address any inevitable,  
5 mandatory, payouts to departing employees for accrued vacation and benefits  
6 over which the City has no control. Nor do these reductions in any way fund  
7 the CALPERS estimated \$3,000,000 in unfunded pension liability for these  
8 CBU employees. How to address these accrued liabilities has not even been  
9 attempted to be addressed with these reductions. The City is simply trying to  
10 survive for the next two years under severe economic restraints that all hope  
11 may somehow improve, albeit the future for the City and its finances seems  
12 bleak at best. It certainly cannot support any conclusion other than these  
13 reductions must be made at the present time. If things improve, no one will  
14 be more pleased than the City.

15 Mr. Campbell testified at length beginning with his long history of  
16 involvement with utilities and labor matters in Los Angeles. Prior to  
17 becoming a councilperson he sat on the Utility Board of the NPUA. He  
18 testified regarding the circumstances of the NPUA's creation as an  
19 independent entity answering to rate payers and governed by statutes  
20 controlling use of funds. He explained the antiquated infrastructure in  
21 Needles dating back to the 1930's and the recent costs of replacing wells that  
22 ran into the hundreds of thousands of dollars. Most importantly, he testified  
23 extensively that the City and the NPUA are separate legal entities having  
24 separate budgets. He also explained the two instances in the past when the  
25 NPUA made early payments to the City on its debt, which were of a limited  
26 amount and nature. It is un-rebutted that the present NPUA asset  
27 replacement reserves are needed to replace aging essential infrastructure.

28

1 **Moreover, the NPUA is presently operating with its own significant deficit**  
2 **and that pattern will continue as revenues are declining.**

3 **Mr. Campbell testified extensively and credibly to the fact that there is**  
4 **no ability to solve the City Budget deficit through the NPUA. This was also**  
5 **confirmed through the testimony of City Manager David Brownlee who said**  
6 **there were no NPUA funds existing to cause that to happen. This testimony**  
7 **was neither challenged on cross-examination nor rebutted by Mr. Porter or**  
8 **Mr. Lindley. Any NPUA savings that Mr. Lindley alluded to cannot inure to**  
9 **the benefit of the City. To the extent savings occur with the NPUA, such**  
10 **savings would benefit the NPUA to meet its budgetary needs, not the City's.**  
11 **But, again, as seen in the NPUA budget for this fiscal year, the NPUA is in a**  
12 **deficit position requiring the Utility to dip into its inadequate and declining**  
13 **reserves. This financial Armageddon was not rebutted through the wishful**  
14 **stories of supervisors Porter and Lindley, who may know their specific job**  
15 **tasks well, but admittedly lack financial and legal background to discredit the**  
16 **City's evidence and testimony that NPUA funds are not available to address**  
17 **the City's deficit.**

18 **The CBU's suggestion that the NPUA's inadequate asset replacement**  
19 **funds be transferred to the City general fund to pay the CBU's compensation**  
20 **would leave the NPUA with grossly inadequate funds to maintain its aging**  
21 **and antiquated infrastructure, which local residents rely on for the necessities**  
22 **of safe drinking water, electricity, and treatment of waste water.**  
23 **Furthermore, cities that have engaged in transfers from their utility funds to**  
24 **their general fund have been aggressively and successfully sued by taxpayer**  
25 **advocacy groups. As the City operates its own municipal utilities, the rates**  
26 **the City may charge are governed by the California Constitution, which**  
27 **generally limits rates to just the amount required to provide service, and**

28

1 prohibits transferring utility rate generated revenues to the general fund.  
2 Specifically, California Constitution article XIII D § 6(b) states in relevant  
3 part: “(1) Revenues derived from the fee or charge [for a utility service] shall  
4 not exceed the funds required to provide the property related service. (2)  
5 Revenues derived from the fee or charge shall not be used for any purpose  
6 other than that for which the fee or charge was imposed.”

7 Several years ago, taxpayer advocacy groups successfully litigated this  
8 issue against the cities of Roseville and Fresno. More recently, similar  
9 lawsuits have been filed in Orange County, Riverside County and Los Angeles  
10 County, challenging transfers of funds from public utility funds to city  
11 general funds. The courts in the Fresno and Roseville cases ruled that a  
12 utility cannot serve as a supplemental source of revenue for the general fund  
13 to fund general fund expenses. (*Howard Jarvis Taxpayers Assn. v. City of*  
14 *Roseville* (2002) 97 Cal.App. 4th 637, 650; *Howard Jarvis Taxpayers City of*  
15 *Fresno* (2005) 127 Cal.App.4<sup>th</sup> 914.)

16 In conclusion, the City respectfully submits that the record before the  
17 Panel demonstrates that the City’s LBFO was issued at a time and in a context  
18 that left the City with no other reasonable alternative, as has been presented  
19 in the record discussed above. Accordingly, the City respectfully requests the  
20 City’s LBFO be adopted as the Finding of the Panel.

21  
22 **UNION POSITION**

23  
24 The Needles Fact Finding Hearing on November 27, 2012, produced  
25 several cost-saving options for the Needles City Council to consider, which  
26 will not devastate employees’ compensation. SBPEA has presented witness  
27 testimony that demonstrates clearly how the parties should work together to  
28 balance the Needles City Budget. Electric Utility Line Supervisor Jack

1 Lindley and Water Utility Chief Operator Jerry Porter both testified that they  
2 have the capacity and ability to reduce spending in their budgets by 10%. The  
3 Needles City Council is seeking approximately \$500,000 in compensation  
4 reductions from SBPEA General (Classified) Employee Unit members. The  
5 10% budget reductions suggested by Mr. Lindley and Mr. Porter would  
6 provide cost savings to the City of Needles totaling approximately \$622,000. If  
7 the Needles City Council chooses to work cooperatively with SBPEA toward  
8 balancing its budget, the current financial problems could be solved with a  
9 mutually agreeable solution. However, the Needles City Council has  
10 demonstrated unwillingness to compromise in favor of imposing devastating  
11 compensation cuts on employees. In terms of non-economic issues, the status  
12 quo should be maintained because the City's chief negotiator incorrectly  
13 asserted that three classified positions should be moved into the unclassified  
14 bargaining unit. Witness testimony proved that the positions in question have  
15 always been classified positions and should remain classified positions.  
16

17 At several points throughout the negotiation process, the City of Needles  
18 chief negotiator cited economic questions outside the scope of negotiations that  
19 we would need to consider because they financially impact the city. Those  
20 issues were the sale of the local hospital and the passage of a local utility tax.  
21 Both of these issues have been resolved to the financial benefit of the City of  
22 Needles, therefore the Needles City Council must assume a more reasonable  
23 and flexible position in collective bargaining.

24 Immediately following the unsuccessful attempts to extend the MOU  
25 between the City of Needles and the SBPEA General (Classified) Employees  
26 Unit, members of the Needles City Council chose to take a punitive approach  
27 to employee compensation issues in negotiations. After a majority of  
28

1 bargaining unit employees voted to negotiate the terms and conditions of a  
2 successor agreement, the Needles City Council responded by proposing,  
3 according to the city's calculations, 47% reductions in overall compensation.

4 The Needles City Council has not provided a reasonable explanation of  
5 why they insist on reducing employee compensation by approximately  
6 \$500,000 for fiscal year 2012-2013, at a time in which the City Council has  
7 also approved a budget with discretionary spending increases of \$1,287,923.

8 The numerous increases in budget expenditures that the City of Needles  
9 Administration has proposed for fiscal year 2012-2013 indicate that the City's  
10 financial position does not require such devastating cuts to employee  
11 compensation. Rather, these increases in discretionary spending by the City  
12 of Needles reveal that the demands to reduce employee compensation are  
13 excessive. The employees who work efficiently and effectively in the utilities of  
14 the city are the individuals who create budget surpluses. These surpluses are  
15 often transferred to various accounts and funds of the city's budget. The City  
16 Council has previously chosen to use "purchase payments" from the utility  
17 funds to the general fund in order to balance budgets because the city  
18 administers the utilities. SBPEA proposes that the City of Needles use a  
19 "purchase payment" in this case to manage fiscal difficulty. Furthermore, the  
20 Needles City Council should not be permitted by PERB to impose terms of  
21 employment before providing all budget audit information that has been  
22 requested by SBPEA.

23  
24 SBPEA requested fact-finding because the city's chief negotiator, Mr.  
25 Slovak, declared impasse in writing. We could resolve the current impasse if  
26 the City Council would accept an extension of the MOU with 2 hour per week  
27 furloughs as we discussed informally prior to beginning formal negotiations.

1 **In fact, SBPEA General (Classified) Unit members have offered significant**  
2 **economic concessions that have been rejected by the Needles City Council.**

3 **The financial difficulties that the City of Needles is currently**  
4 **experiencing are the result of poor decision making on the part of the city**  
5 **council as much as the global recession and the loss of redevelopment funds**  
6 **from the California State Legislature. The most glaring examples of unwise**  
7 **decisions that cost hundreds of thousands of dollars are the agreement to**  
8 **subsidize Basha's grocery store, the purchase of the local hospital, and the**  
9 **wasteful contract with Western Regional Consultants LLC that created no**  
10 **tangible economic benefit to the City of Needles. SBPEA Needles General**  
11 **(Classified) Unit employees opposed each of these poor decisions by the**  
12 **Needles City Council. I directly asked the City Council in a public meeting to**  
13 **cite one example of new revenue, business expansion, or business agreements**  
14 **that had been negotiated as a result of their marketing contract and they were**  
15 **unable to cite even one example. The unwillingness on the part of the city**  
16 **council to consider alternative cost-saving measures, such as reduction of non-**  
17 **essential services, has exacerbated the financial problems facing the City of**  
18 **Needles.**

20 **These unwise decisions are not the only financial challenges facing the**  
21 **City of Needles, yet they do reflect the Needles City Council's unreasonable**  
22 **and vehement opposition to compromise. The fact that the City of Needles is**  
23 **the only city in San Bernardino County that has declared impasse with**  
24 **SBPEA in 2012 is further evidence that the Needles City Council has not**  
25 **bargained in good faith. The consistently punitive and irresponsible actions**  
26 **taken by the Needles City Council demonstrate that a majority of Needles City**  
27 **Council Members has no intention of compromising in collective bargaining**  
28

1 with General (Classified) Unit employees to reach a mutually agreeable  
2 settlement.

3       **The SBPEA Needles General (Classified) Unit members are aware that**  
4 **the Needles City Council has spent tens of thousands of dollars for Mr. Slovak**  
5 **to deliver a message that the city council intends to force city workers in to**  
6 **poverty by imposing terms of employment. Government budgets are not only**  
7 **numbers based on revenues and expenditures, they are moral documents that**  
8 **reflect the values and priorities of a government agency. When the Needles**  
9 **City Council chose to spend \$75,000 on a marketing consultant whose work is,**  
10 **according to the City's own document, "not really measurable as to**  
11 **completion and/or specific projects," the Needles City Council demonstrates**  
12 **its disregard for General (Classified) Unit employees. This marketing**  
13 **contract was unnecessary however the City Council chose to continue this**  
14 **frivolous spending while demanding cuts to employee compensation that will**  
15 **push many workers below the federal poverty level. To reduce the buying**  
16 **power of local residents by force through imposed compensation cuts while**  
17 **increasing discretionary spending on non-essential services is not only a poor**  
18 **economic plan and unwise policy, it is morally reprehensible.**

20       **The blatant unfairness and harshness of the Needles City Council's**  
21 **approach to collective bargaining with the SBPEA Needles General**  
22 **(Classified) Employees Unit has caused an outpouring of support from local**  
23 **businesses and citizens. Several local businesses display signs that read, "We**  
24 **support Needles City Workers' right to a fair contract." Business owners**  
25 **understand that imposing harsh wage cuts on their customers will depress the**  
26 **local economy. The SBPEA Needles General (Classified) Employees Unit has**  
27 **offered significant concessions that would be difficult for workers to endure;**  
28

1 yet the Needles City Council refuses compromise in favor imposing  
2 devastating cuts.

3       **When considered in the full context of 2012 collective bargaining**  
4 **history, members of the Needles City Council have shown that they intend to**  
5 **punish workers in retaliation for their efforts to improve working conditions**  
6 **through collective bargaining. The State of California Public Employment**  
7 **Relations Board has a responsibility to hold public employers accountable**  
8 **when they fail to bargain in good faith. The Needles General (Classified) Unit**  
9 **Employees need the fact-finding process to be a meaningful challenge to the**  
10 **unethical and authoritarian actions of the Needles City Council. The**  
11 **oversight and intervention of the California State government is the only hope**  
12 **for the Needles General (Classified) Unit Employees to be treated fairly with**  
13 **respect and dignity.**

14  
15  
16 **ANALYSIS**

17       It is generally believed that the best labor-management contracts are  
18 those that are negotiated through bargaining without outside assistance. There are  
19 instances however, where the parties find it difficult or impossible to reach  
20 agreement by direct negotiation. In such situations the fact-finding process can  
21 often provide a mechanism for resolution. It is certainly not the panel's intention to  
22 prolong the dispute or erect obstacles that impede resolution. It is also not our  
23 intent to "split the baby" so to speak.

24  
25  
26  
27       The Chairman is cognizant of the fact that the current dispute has roots in  
28

1 the economic conditions of the times and the local political climate . The nature of  
2 the issues and the current state of relations of the parties are of obvious  
3 significance.  
4

5           While it is generally prudent to try and achieve a long-term settlement,  
6 the Chairman notes that both parties to these proceedings have indicated their  
7 desire for a long term agreement. Accordingly, the recommendations set forth  
8 herein will not contain any re-openers and it is hoped the parties will use these  
9 recommendations to bring this dispute to an end.  
10  
11

12           The sworn testimony presented by all witnesses, were concise and to the  
13 point. Direct and cross examination of the witnesses in the Hearing gave the panel  
14 a general historical context in which to assess the differences which now  
15 predominate the situation confronting the parties.  
16  
17

18           After careful consideration and examination of sworn testimony and  
19 documents, the Chairman presents the following recommendations in the hope the  
20 parties can use these recommendations to reach an agreement. Unilateral  
21 implementation of terms and conditions by the Employer would tend to disrupt  
22 good labor relations. Good labor relations are a desired goal.  
23  
24

25           The Chairman has examined the sworn testimony, exhibits and other  
26 contentions of the parties. There is convincing evidence the City has a dire financial  
27 situation at hand. The existing Bargaining Unit in the instant case cannot and  
28

1 should not bear the full so-called solution to the financial problem. The Chairman  
2 in the instant case hopes that the recommendations as put forth will help and not  
3 hinder movement toward a resolution.. Loud voices placing blame at this stage will  
4 do no good.  
5

6  
7 The panel members have had an opportunity to concur or dissent on the  
8 issues as put forth by the Chairman, and attached to these recommendations are  
9 those notations.  
10

## 11 12 13 RECOMMENDATIONS

### 14 15 TERM

16 THROUGH JUNE 30, 2014 AMEND THE CURRENT LANGUAGE TO  
17 REFLECT THIS CHANGE.  
18

### 19 SALARY

20 NO REDUCTION IN THE EXISTING SALARY SCHEDULE.  
21

22 THERE SHOULD BE A ONE DAY PER MONTH FURLOUGH PROGRAM FOR  
23 THE NEXT EIGHTEEN (18) MONTHS. THE ARGUMENT REGARDING  
24 REDUCED CITY SERVICES IS WITHOUT MERIT. CITIZENS ALSO HAVE  
25 TO PITCH IN TO HELP THE CITY OUT OF THESE CIRCUMSTANCES.  
26 FURLOUGHS ARE A PRODUCT OF THE STATE WIDE FINANCIAL  
27  
28

1 DILEMMA. CURRENTLY STATE EMPLOYEES HAVE TWELVE (12) DAYS  
2 OF FURLOUGHS PER YEAR AND OTHER PUBLIC SECTOR AGENCIES  
3  
4 HAVE IMPLEMENTED FURLOUGH PROGRAMS. IN ADDITION, SAN  
5 BERNARDINO COUNTY EMPLOYEES HAVE, IN LIEU OF FURLOUGH  
6  
7 DAYS, ASSISTED THE COUNTY WITH MILLIONS OF DOLLARS IN  
8 CONCESSIONS AND BUDGET REDUCTIONS. THE SAFETY EMPLOYEES  
9  
10 HAVE COOPERATED AS WELL.

11 **RETIREMENT**

12 EFFECTIVE JANUARY OF 2013, BARGAINING UNIT EMPLOYEES SHOULD  
13  
14 PAY SEVEN (7) PER CENT TO PERS. THIS RELIEVES THE CITY OF THIS  
15 OBLIGATION.

16 FURTHER, THE ONE PERCENT (1) DISABILITY "PICK UP" THE CITY IS  
17  
18 CURRENTLY PAYING, SHOULD BE PICKED UP BY THE BARGAINING  
19 UNIT EFFECTIVE JANUARY, 2013.

20 **HEALTH INSURANCE**

21  
22 ANY INCREASES IN PREMIUMS SHOULD BE PICKED UP ON A 50/50  
23  
24 BASIS.

25 **SUPERVISORS IN THE BARGAINING UNIT**

26 THE STATUS QUO SHOULD BE MAINTAINED. IT IS THE OPINION OF THE  
27  
28 CHAIRMAN THAT THIS CLASSIFICATION MAY BENEFIT FROM UNION

1 REPRESENTATION IN THE FUTURE. THERE IS NO EVIDENCE THAT  
2 THESE CLASSIFICATIONS HAVE THE RIGHT TO "HIRE AND/OR FIRE"  
3 EMPLOYEES. IF PROBLEMS PERSIST, AVENUES OF REDRESS ARE  
4 AVAILABLE THROUGH PERB.  
5

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7 **HOLIDAYS**

8 STATUS QUO

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10 **SICK LEAVE**

11 UNTIL JULY 1, 2014, THE BARGAINING UNIT SHOULD HAVE ZERO (0)  
12 PAID SICK LEAVE DAYS. IT APPEARS THERE ARE SIGNIFICANT  
13 ACCRUALS EXISTING SHOULD ANY EMPLOYEE NEED TO USE.  
14

15 **OTHER ECONOMIC ISSUES**

16 IT APPEARS THE EXISTING BARGAINING UNIT IS NOW AT TWENTY-  
17 SIX(26) MEMBERS DOWN FROM A PREVIOUS COUNT OF TWENTY-  
18 EIGHT (28). THE CHAIRMAN IS COGNIZANT THAT ONE OF THE  
19 MEMBERS HAS A LARGE PAYOUT COMING IN JANUARY OF 2013. IT  
20 APPEARS THAT THE OTHER VACANCY AT ISSUE DOES NOT AND  
21 THEREFORE THAT VACANCY SHOULD COUNT AS SAVINGS CREDITED  
22 TOWARD THE BARGAINING UNIT. AFTER ALL THE UNIT WILL BE  
23 PICKING UP THE SLACK AS A HIRING FREEZE IS IN ORDER.  
24  
25  
26

27 THE CHAIRMAN IN THE INSTANT CASE ALSO TAKES JUDICIAL  
28

1 NOTICE OF THE UTILITY SIDE OF THE CITY. THERE APPEARS TO BE  
2 MIXED INTERPRETATIONS OF WHETHER EXISTING LAW ALLOWS THE  
3 USE OF ANY OF THESE FUNDS FOR THE BALANCING OF THE CITY'S  
4 OVERALL BUDGET. THE CHAIRMAN IS NOT PREPARED TO RULE OR  
5 VENTURE A GUESS ON THE LEGALITIES. HOWEVER, ACCORDING TO  
6 SWORN TESTIMONY BY 'JAKE' LYNDLEY THERE IS FUNDING FOR A  
7 NON-EXISTENT POSITION THAT IS NOT FILLED.

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11 THE CHAIRMAN RECOMMENDS THAT IF THE LEGALITIES CAN  
12 BE OVERCOME, THESE MONIES COULD BE USED FOR THE GENERAL  
13 FUND.

14  
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17  
18 Respectfully submitted;

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20  
21 David B. Hart  
22 Chairman

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24  
25 Signed and dated this 14<sup>th</sup> day of December, 2012.  
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SAN BERNARDINO PUBLIC EMPLOYEES

ASSOCIATION PANEL MEMBER MICHAEL MOORE

AS TO CHAIRMAN'S RECOMMENDATIONS

TERM

CONCUR     X

DISSENT

SALARY

CONCUR     X

DISSENT

RETIREMENT

CONCUR

DISSENT     X

HEALTH INSURANCE

CONCUR     X

DISSENT

SUPERVISORS IN BARGAINING UNIT

CONCUR     X

DISSENT

HOLIDAYS

CONCUR     X

DISSENT

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**SICK LEAVE**

**CONCUR** \_\_\_\_\_ **DISSENT X**

**OTHER ECONOMIC ISSUES**

**CONCUR** \_\_\_\_\_ **DISSENT X**

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**MM**

Michael Moore  
Panel Member

**Signed and dated this 14<sup>TH</sup> Day of December, 2012**

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CITY OF NEEDLES

PANEL MEMBER CHARLES D. FIELDS

AS TO CHAIRMAN'S RECOMMENDATIONS

TERM

CONCUR    X

DISSENT

SALARY

CONCUR

DISSENT    X

RETIREMENT

CONCUR    X

DISSENT

HEALTH INSURANCE

CONCUR

DISSENT    X

SUPERVISORS IN BARGAINING UNIT

CONCUR

DISSENT    X

HOLIDAYS

CONCUR

DISSENT    X

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SICK LEAVE

CONCUR

DISSENT X

OTHER ECONOMIC ISSUES

CONCUR

DISSENT X

CDF

CHARLES D. FIELDS  
Panel Member

Signed and dated this 12<sup>TH</sup> Day of December, 2012