



CITY OF HOUSTON
OFFICE OF THE CITY ATTORNEY

INTEROFFICE MEMORANDUM

TO: Council Member Tiffany Thomas
Council Member Edward Pollard

FROM: Arturo Michel
City Attorney

DATE: March 20, 2024

SUBJECT: Settlement Agreement with
Firefighters

Please allow this correspondence to serve as a response to your questions regarding the recently negotiated settlement agreement with the fire fighters. As you know, public safety is a priority for the administration and this settlement agreement brings the City closer to ending a prolonged seven-year court battle. For the most part, the settlement agreement is backwards looking in that it addresses backpay for the period from July 1, 2017, to March 1, 2024 (Fiscal Years 2018 to 2024). The settlement agreement allows the parties to make changes when needed for clarity, legality, and changed circumstances for attorney general approval of the judgment bond.

Below are responses to your questions:

1. After the 18% pay raise (6% consecutively for the previous three years), where does the firefighters salary currently compare to other major cities in Texas?

After the previous three years of 6% salary increases, Houston firefighters' base salary remained significantly lower than firefighters in San Antonio, Austin, Dallas, and Fort Worth.

MAJOR TEXAS CITIES	YEAR 1 FF *
<i>Austin</i>	<i>\$ 64,954</i>
<i>Dallas</i>	<i>\$ 72,422</i>
<i>Fort Worth</i>	<i>\$ 69,033</i>
<i>San Antonio</i>	<i>\$ 62,352</i>
City of Houston	\$ 51,843

**Based on January 2024 data*

2. After the voters initially passed Proposition B, before it was later struck down as unconstitutional the city paid firefighters \$17M. Was this allocation factored into the negotiation? If so, how?

The current base salary of Houston fire fighters was factored into the settlement when compared to other major Texas cities. Please see above chart.

3. Under state law, Houston is the only city in Texas that overtime for firefighters starts at 46.7 hours opposed to 53 hours for all other municipalities. As such, Houston taxpayers pay millions in overtime wages before the standard threshold for other cities is met. How was this factored into negotiations?

Under the statutory standard of private sector comparator, fire fighters are due overtime above 40 hours rather than the 46.7 hours under Houston's ordinance. Additionally, three of the cities used as a salary benchmark (Austin, San Antonio, and Fort Worth) do not run Emergency Medical Services (EMS) calls, which leads to comparatively busier shifts for Houston firefighters.

4. We have been informed you proposed a judgement bond as a tool to secure the \$650 million dollars for backpay. Over what length of time will the bond be for? At what interest do you anticipate taxpayers paying on the bond?

The City plans to secure a judgment bond with an anticipated bond term of 25 to 30 years, at an approximate interest rate of 5.5%. The final amortization schedule and interest rate remain subject to changes in the market and will not be finalized until after pricing of the bonds.

5. Will this bond also include payments for any pension obligations? Are you open to putting the bond as a measure on the upcoming November election for the voters to have a voice in the decision?

During COVID, fire fighters spent uncompensated time for sanitation activities. Firefighters assert that any judicial enforcement or arbitration panel would entitle them to private sector overtime above 40 hours. Although disputed by the City, the settlement disposes of all claims. Because overtime is not subject to pension contributions by the firefighters, there are no anticipated pension obligations unless the attorney general feels otherwise. The judgement bond does not require voter approval.

6. Is the administration considering asking the voters to raise the revenue cap so that our cap is consistent with the state-imposed cap?

All options are under consideration and the firefighters have agreed to support new revenue measures.

7. What is the justification for touting such a sizeable increase to firefighter pay while at the same time asking every other city department to find reductions by 5% across the board?

The settlement brings firefighter compensation closer to major Texas cities and eliminates risk if determined by a court or an arbitration panel based on statutory private sector comparator. Firefighter pay increases stalled in 2014, while police and municipal employees continue to receive raises. Although Houston firefighters received raises during the past three years, they are not commensurate to the work firefighters perform at the City of Houston and not competitive with the pay of firefighters across Texas. Ensuring

competitive pay for Houston firefighters is key to employee retention and public safety in Houston. Even absent this settlement, the City needs to address the structural budget imbalance by utilizing a combination of expenditure reductions, efficiencies, and increased recurring revenues.

8. With both the Houston Police Officers Union contract and Municipal Employees contract expiring soon, how will the proposed agreement with the firefighters impact the city's ability to have funding to satisfy their needs?

The City will be putting forward a combination of expenditure reductions, opportunities for efficiency, and proposed new recurring revenue sources in anticipation of upcoming contract negotiations for police and municipal employees.

9. What role did the fire chief have in the formal negotiations?

The fire chief was part of the collective bargaining team and during confidential settlement negotiations, Legal sought his input.

10. Is it accurate to state the proposed agreement must be signed off by the presiding judge, approved by the Office of the Attorney General, and by a vote of city council?

Yes, before the agreement is finalized and payments are distributed, the judge must sign the final judgment, the attorney general will determine if the final judgment meets the requirements for issuance of a judgment bond, and city council must vote to issue the judgment bonds. City council must also vote to approve the new collective bargaining agreement.

11. How much has been paid to outside counsel to date for negotiations and litigation?

\$1,661,164.92