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Date: Tuesday, February 19, 2019 4:54 PM

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To: "Troy Blakeney" <[REDACTED]>

cc: "Pena, Samuel - HFD" <[REDACTED]>, "Jackson, Dennis - LGL" <[REDACTED]>

Subject: FW: Tex. R. Evid. 408 Settlement Offer

1. Fire's average compensation is about 78% of police.
2. We propose to close that gap over 5 years.
3. We still increase our FY 19 budgeted base pay cost by 24%.
4. We still offer a 4% across the board increase for 6 months of FY 19 and spread the balance out through FY23.
5. In FY20, Fire's pay increase will reach 10%.
6. In addition, we propose to factor in incentive pay. The current fire department budget for special pays is around \$13M. We will double that number and apply it to base pay over the phase in period.
7. Incentive pays included in item #6 includes Houston Professional Firefighters Association Medical Trust (that will now be part of base pay).
8. Consequently, by FY 23, average fire base pay will exceed projected FY 23 average police base pay.

9. Over the phase in period, fire will receive an average base pay increase of over 33%.

10. Current eligibility for special pays in the fire department will continue at current rates and with current requirements. The budget of \$13M will not change or be reduced to fund the base pay bump above.

11. The allocation of the pay increase between fire fighters after FY

19 will mean that each individual will benefit in differing amounts over time and it will be driven by the Prop B language, except that the incentive pay dollars added to base pay may be allocated using an agreed upon method.

12. This proposal increases the City's cost, as compared to the first proposal, by around \$66M.

13. Operational changes mentioned by the Chief will still be required but could be feathered in during the phase in period and driven by attrition as much as possible.

## Proposition B 5-Year Scenarios

### For Settlement Negotiation Purpose

#### Base Pay

FY2019

FY2020

FY2021

FY2022

FY2023

#### Category

Jan - June 4% ACB (1)

6% Equivalent (3)

5.8% Equivalent (3)

6.6% Equivalent (3)

7.12% Equivalent (3)

Total

Cumulative Cost

Base Salary

6,740,400

34,743,483

56,246,511

81,932,232

111,265,012

290,927,638

Total Cumulative Cost(2)

6,740,400

34,743,483

56,246,511

81,932,232

111,265,012

290,927,638

**Notes:**

(1). All classifications receive 4% across-the-board pay increase effective January 1, 2019.

(2). Includes Base pay, Pension, FICA, OT, Step Pay, and Higher Class Pay

(3). Percentage increase will vary between classifications. The percent equivalent represents the increase in payroll each year.

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