MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF RAPID CITY AND INTERNATIONAL ASSOCIATION OF FIREFIGHTERS LOCAL 1040 REGARDING CHANGES TO APPENDIX A OF THE UNION CONTRACT FOR 2013

This Memorandum of Understanding is made and entered into by and between the **CITY OF RAPID CITY** (the "City"), a municipal corporation, and the **INTERNATIONAL ASSOCIATION OF FIREFIGHTERS LOCAL 1040** (the "Union").

WHEREAS, the City of Rapid City imposed a contract covering the period from January 1, 2010 to December 31, 2013, hereinafter called the "Agreement"; and

WHEREAS, Appendix A of the Agreement establishes a wage scale for the members of the Union; and

WHEREAS, the Union filed an unfair labor practice claim against the City based on a 2006 Memorandum of Understanding which required the City to obtain a salary survey (the "Condrey Study") and use it as the basis of salary negotiations for the current contract; and

WHEREAS, the South Dakota Dept. of Labor found the City had engaged in an unfair labor practice by not using the Condrey Study as the basis of negotiations; and

WHEREAS, the City appealed the Dept. of Labor determination to Circuit Court; and

WHEREAS, the Circuit Court upheld the Dept. of Labor decision and found that the City must negotiate and use the Condrey Study as the basis for negotiations pursuant to the 2006 MOU and the City did not appeal the Circuit Court decision; and

WHEREAS, the City and the Union agreed to jointly attend a training in interest based bargaining conducted by the Federal Mediation and Conciliation Service and at the conclusion of the training the City and Union agreed to enter into negotiations using interest based bargaining to resolve the outstanding issue related to negotiations based on the Condrey Study; and

WHEREAS, the City and Union have reached a decision that the parties agree satisfies their interests and resolves the Union's outstanding issues for the remainder of the current contract; and

WHEREAS, it is the goal of the City and the Union to provide a competitive wage which is able to attract quality candidates to the Rapid City Fire Department, to retain those employees once the City has invested in training them, to improve firefighter morale and to help ensure high quality fire services for the citizens of Rapid City; and

WHEREAS, the current base salary of starting fire fighters is approximately 80% of the base salary identified in the Condrey Study; and

WHEREAS, the City and Union have reached an agreement which will bring the base salary to approximately 90% of the Condrey Study depending on sales tax revenues thereby making the City salary competitive with other similar sized communities in the region; and

WHEREAS, in addition to the Condrey Study, the negotiations took into account sales tax revenues and compression issues.

NOW, THEREFORE, the parties agree to amend the formula in Appendix A of the Agreement for 2013 so that on January 1, 2013, the members of the bargaining unit will receive a 1.25% adjustment to the pay matrix and a ½ step (1.25%) increase on the pay matrix in addition to the .5% increase to the pay matrix they are currently entitled to. The formula for adjustments to the pay matrix in July of 2013 will also be amended as follows:

If the increase in sales tax (based upon accrual) for 2012:

is less than 1% there will be no matrix adjustment;

is at least 1% but less than 2%, the matrix will be multiplied by 1.25%;

is at least 2% but less than 8.5%, the matrix will be multiplied by 2.5%;

is at least 8.5% but less than 11%, the matrix will be multiplied by 3.75%

is at least 11%, the matrix will be multiplied by 5%.

THE PARTIES FURTHER AGREE the Union agrees not to reopen the contract to negotiate salary in July of 2012. The terms of this MOU resolve all outstanding issues related to the current contract including those arising out of the unfair labor practices claim filed by the Union.

THE PARTIES FURTHER AGREE that the balance of the Collective Bargaining Agreement dated December 21, 2009, and all amendments thereto which are not inconsistent with this MOU shall remain in full force and effect.

Dated this 31 day of May, 2012.

CITY OF RAPID CITY

Sam Kooiker, Mayor

ATTEST:

Finance Officer

(SEAL)

INTERNATIONAL ASSOCIATION OF FIREFIGHTERS LOCAL 1040

By: Scott O'Connor

Its: President