
Joshua Watters, Budget Director

100 W. Atlantic Boulevard
Pompano Beach, FL 33060
Phone: (954) 786-4065



MEMORANDUM

DATE: March 17, 2026

TO: Greg Harrison, City Manager

FROM: Joshua Watters, Budget Director *JW*

SUBJECT: Fiscal Impact Analysis – Proposed Collective Bargaining Agreement with the Pompano Beach Professional Firefighters Union, IAFF 1549

SUMMARY

This memorandum presents the estimated fiscal impact of the proposed collective bargaining agreement between the City and the Pompano Beach Professional Firefighters Union, IAFF 1549, for FY 2026 through FY 2028. The total fiscal impact includes direct compensation increases, associated payroll-driven costs (FICA, VEBA), and estimated actuarial pension offsets. These components are presented together for completeness but represent different types of fiscal effects. Provisions with no direct fiscal impact, indeterminate costs, or impacts subject to future negotiation are addressed in the memorandum but are not included in the aggregate cost totals below.

Based on the provisions with quantifiable impacts, the estimated three-year fiscal impact is approximately \$8.5 million as shown below. This total includes direct compensation increases, associated payroll-driven costs (e.g., FICA and VEBA), and estimated actuarial pension offsets

<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>Three-Year Total</u>
\$1,423,016	\$2,770,509	\$4,276,055	\$8,469,580

These estimates include projected compensation and payroll tax costs and reflect offsetting pension cost savings associated with the proposed new pension tier applicable to firefighters hired on or after the ratification of the agreement. As shown in the analysis below, the fiscal impact of the agreement is driven primarily by wage and step increases, which account for the substantial majority of total costs. Costs increase significantly over the term of the agreement

due to compounding wage adjustments, with the highest fiscal impact occurring in the final year.

FISCAL IMPACT ANALYSIS BY PROVISION

Article 4: Union Business

- Remove 60-day window to submit employee donations.
- Allow Union to submit employee donations quarterly in the months of January, April, July, and October up to the established cap.

Fiscal Impact: Indeterminate, but likely minimal. The current agreement establishes a maximum number of hours that exist in the Union time pool (1,250 hours). To the extent that that the Union time pool has had fewer than the maximum number of hours previously and this provision could encourage the donation of additional hours, there could be an operational impact.

Article 9 – Promotional Examinations:

- The City and the Union have agreed to revise this Article pursuant to the recommendations made by the Promotional Examination Committee.
- All revisions are retroactive to October 1, 2025.

Fiscal Impact: No direct fiscal impact.

Article 12 – Classifications:

- Eliminate the Fire Inspector 1 classification and reclassify the current members in that position to Fire Inspector 2.
- Increase the Fire Training Captain classification from paygrade 32 to 33.
- Change the Assistant Fire Marshal classification to Risk Reduction Officer. Title change only, no fiscal impact.

Fiscal Impact: Reclassifying all Fire Inspector I employees to Fire Inspector II employees could result in providing those employees a 5% pay increase. There are currently 3 Fire Inspector Is. The three-year estimated cost for this provision would be \$47,675. The estimated costs for FY 2026 through FY 2028 are shown below.

FY 2026: \$14,737

FY 2027: \$15,863

FY 2028: \$17,075

Increasing the Fire Training Captain classification from paygrade 32 to 33 could result in providing those employees a 5% pay increase. There are currently 2 Fire Training Captains. The three-year estimated cost for this provision would be \$41,603. The estimated costs for FY 2026 through FY 2028 are shown below.

FY 2026: \$12,860
FY 2027: \$13,843
FY 2028: \$14,900

Article 15 – Wages:

- The following Wages/Compensation are provided during this 3-year agreement:
 - Effective retroactive to the first full pay period starting on or after October 1, 2025, wages shall be increased by 3.5%; and
 - Effective in the first full pay period starting on or after October 1, 2026, wages shall be increased by 3.5%; and
 - Effective in the first full pay period starting on or after October 1, 2027, wages shall be increased by 3.5%.

Fiscal Impact: The estimated costs for FY 2026 through FY 2028 are shown below. The three-year estimated cost is: \$4,825,475.

Notes: The FY 2026 budget already included funds for a 3.5% cost-of-living increase for employees. The fiscal impact of cost-of-living adjustments is compounded, with each year’s cost building on the increases provided in prior years.

FY 2026: \$776,425
FY 2027: \$1,594,297 (\$817,872 increase over prior year)
FY 2028: \$2,454,754 (\$860,457 increase over prior year)

Article 15 – Merit/Step Increase:

- A Merit/Step Increase of 4% is provided each year to eligible employees during this 3-year agreement, as described in Section 2(B) of the Agreement.

Fiscal Impact: The estimated costs for FY 2026 through FY 2028 are shown below. The three-year estimated cost is: \$2,408,073.

Notes: The FY 2026 budget already includes funds for up to a 4% merit/step increase for employees. As employees reach the top of their grade, they become ineligible for merit increases. The fiscal impact of merit increases is compounded, with each year’s cost building on the increases provided in prior years.

FY 2026: \$407,812
FY 2027: \$807,225 (\$399,413 increase over prior year)
FY 2028: \$1,193,036 (\$385,811 increase over prior year)

Article 16 – Sick Leave

Article 16 (and any applicable sections of the Fire Pension Plan Ordinance) shall be revised to prohibit current employees who are not in the DROP prior to the date this 2025-2028 Agreement becomes ratified, from being able to apply for and/or seek approval from the Pension Board to earn a work-related disability pension after they have entered the DROP. This

provision shall become effective on or after the date this 2025-2028 Agreement becomes ratified. Current Non-DROP participants will remain eligible to apply and/or or seek approval from the Pension Board to earn a work-related disability pension before they enter the DROP.

Fiscal Impact: Indeterminate. The fiscal impact of this provision depends on employee behavioral responses. To the extent that the restriction reduces the number of employees who ultimately qualify for work-related disability pensions, long-term pension liabilities may decrease. However, the provision may also incentivize employees to seek disability retirement prior to entering DROP or to delay DROP participation, which could offset or partially negate any anticipated savings. Accordingly, the net fiscal impact cannot be quantified without actuarial analysis but may include both cost savings and timing-related cost shifts.

Article 21 – Assignment Pay

- Rescue assignment pay shall be increased in the third year of this Agreement, from \$2.00/hour to \$2.50/hour.
- The 20% cap on certification pay will currently affect EMT and Paramedic certification pay and would apply prospectively to any additional certification pay negotiated by the parties.

Fiscal Impact: Fire department personnel currently receive a \$2.00 per hour differential for each hour assigned to a rescue apparatus. Under the proposed agreement, this differential would increase by \$0.50 per hour effective FY 2028. Based on the payroll data used for this analysis, the differential was paid for 8,138 hours in the most recent pay period. Annualized over 26 pay periods, this equates to 211,588 hours subject to the differential. For purposes of this estimate, it is assumed that the number of eligible hours remains constant. The estimated fiscal impact for FY 2026 through FY 2028 is shown below, with a total three-year cost of \$105,794.

FY 2026: \$0

FY 2027: \$0

FY 2028: \$105,794

Article 25 – Uniforms and Maintenance

The City shall continue to provide each employee a \$220 payment for shoes during the first full pay period that occurs in September 2025, 2026 and 2027 of this Agreement.

Fiscal Impact: No incremental fiscal impact, as this provision continues current practice. For the past several years, the City has budgeted approximately \$45,000 for this purpose.

Article 28: Seniority

- Seniority will be used based on “time in grade” for purposes of making vacation day picks, station picks and Kelly days.

Fiscal Impact: No direct fiscal impact.

Article 31 – Probationary Period:

All new employees, employees assigned to Fire Prevention and employees receiving a promotion shall serve a one-year probationary period. However, for new employees hired on or after the ratification date of this 2025-2028 Agreement, the oneyear probationary period shall not commence until the employee has successfully completed the Fire Recruit Training Program.

Fiscal Impact: No direct fiscal impact.

Article 38 – Pension Plan:

The Fire Pension Plan shall be revised to create a new Tier that will apply only to future Firefighters hired after the date this Agreement becomes ratified. The following benefits shall be included in this new pension Tier:

- **Normal retirement:** The normal retirement age for all future Firefighters hired after the date this Agreement becomes ratified will be the attainment of age fifty (50) and the completion of 20 years of continuous service, or the attainment of age fifty-five (55) with ten (10) years of continuous service; and
- **Early Retirement:** A new early retirement provision will be created, under which future Firefighters hired after the date this Agreement becomes ratified shall be eligible for early retirement benefits, if applicable, upon the attainment of age fifty (50) with the completion of ten (10) years of service; and
- **Vesting Period:** The vesting period will be ten (10) years of continuous service; and
- **Multiplier:** The amount of the normal retirement benefit will be 3.25% of average monthly earnings for each year of continuous service, subject in any event to a maximum of 80% of average monthly earnings; and
- **COLA:** Annual pension benefits shall be increased by a “fixed” (guaranteed) percentage equal to 2% for all firefighters who were hired on or after the date this Agreement becomes ratified. In addition to the “fixed” increase, pension benefits shall be increased by a “variable” percentage, in an amount certified by the pension plan actuary as supportable and funded solely by the pension plan assets, but not more than 1%. The “variable” component of the cost-of-living adjustment may be granted only when the plan is at least eighty percent (80%) funded, according to the most recent actuarial valuation. The sum of the “fixed” and “variable” portions of the adjustment shall not exceed 3% per year nor be less than 2%.

Fiscal Impact: Per the actuarial analysis dated March 10, 2026, the combined result of these changes is projected to reduce the City’s pension-related costs. The estimated actuarial impact over the three-year period is a net reduction of approximately \$253,600, as shown below. These estimates reflect projected changes in pension costs and do not necessarily represent immediate budgetary savings.

FY 2026: -\$0
FY 2027: -\$84,400
FY 2028: -\$169,200

Prior Firefighter/Military Service Buyback:

The City agrees to create a provision in the Fire Pension Plan allowing current members, and future firefighters hired on or after the date the 2025-2028 IAFF Agreement becomes ratified, to buy back up to five (5) years of either prior firefighter service or prior military service.

- All costs associated with buying back of prior service will be borne by the employee.
- Members will be required to obtain and pay all costs associated with conducting an actuarial evaluation needed to initiate the process and determine the buyback amount.
- The cost of purchasing service may vary depending on the member's age, current rate of pay, amount of service being purchased, number of years until retirement and other actuarial factors. The member's purchase of credit for prior service will result in no cost to the City.
- The costs associated with obtaining actuarial evaluation are not reimbursable if the member is terminated, retires, resigns, enters the DROP, separates from service or fails to complete the buyback of prior service within the five (5) year timeframe.

Fiscal Impact: A full actuarial impact analysis was not conducted on this provision. However, the actuary advises that since the employees would pay the full actuarial cost of buying back up to five years of service in the Pompano Beach Police and Firefighters' Retirement System, there should not be a direct cost to the City.

OTHER ITEMS

Special Detail MOU

- The Special Detail Pay MOU shall be included into the current Agreement. The Parties agreed at the negotiating table that assignments to work at Lauderdale by The Sea are not eligible for Special Detail Pay.

Fiscal Impact: No direct fiscal impact. This provision incorporates current practice into the Agreement.

Impact on FICA Payments

Fiscal Impact: Many of the changes listed above increase the amount of employee compensation subject to FICA. As a result, the City, as the employer, must contribute 7.65% of each employee's pay to Social Security and Medicare. The three-year fiscal impact on the City for the combined effect of the changes above is estimated to be: \$568,289.

FY 2026: \$92,705

FY 2027: \$185,989

FY 2028: \$289,595

Impact on VEBA

Fiscal Impact: Several of the provisions described above increase the level of employee compensation subject to the City's Voluntary Employees' Beneficiary Association (VEBA) benefit. As a result, the City's VEBA contributions are expected to increase. For the FY 2026 budget, the calculated VEBA contribution rate for Fire employees was 9.78% of estimated compensation costs. For purposes of this analysis, eligible increases in compensation were increased by this percentage. The contribution rate is assumed to remain constant for the projection period; however, any future change in the rate would correspondingly affect VEBA costs. Based on these assumptions, the estimated three-year fiscal impact to the City is: \$726,271.

FY 2026: \$118,477

FY 2027: \$237,693

FY 2028: \$370,101

ASSUMPTIONS

All cost estimates are based on the assumptions identified for each provision and the best available data at the time of calculation. The analysis relies on payroll data provided by the City's Finance Department as of September 3, 2025. September 2025 payroll data is used because the compensation-related provisions of the agreement are retroactive to the start of the fiscal year on October 1, 2025, and therefore reflect the staffing and pay structure in effect at that time. Estimates assume a stable workforce and do not account for changes in staffing levels, overtime utilization, or workforce composition.

Actual costs may vary if staffing levels, payroll composition, benefit rates, actuarial experience, or other relevant factors differ from those assumed. The estimates presented are intended for planning and bargaining purposes only and should not be interpreted as guarantees of future expenditures.

All costs shown represent growth from the base year of the analysis (FY 2025), not year-over-year incremental growth. Accordingly, the fiscal impact of cost-of-living adjustments and merit increases is compounded, with each year's cost building on the increases provided in prior years. Furthermore, several provisions interact to amplify fiscal impacts, particularly wage increases, which drive proportional increases in payroll taxes and other compensation-linked costs.