

CITY OF OAKLAND

AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2011 JUL 21 PM 5:54

TO: Office of the City Administrator
ATTN: Lamont Ewell
FROM: Department of Human Resources Management
DATE: July 26, 2011

RE: Resolution Approving the Memorandum of Understanding between the City of Oakland and the International Federation of Professional And Technical Engineers, Local 21, Representing Employees in Representation Units TA1, TF1, TM2, TW1, UH1, UM1 and UM2, Covering the Period from July 1, 2011 to June 30, 2013

SUMMARY

The City of Oakland has reached a tentative agreement on wages and other terms and conditions of employment with the International Federation of Professional & Technical Engineers (IFPTE) Local 21. Key provisions include represented employees being subject to unpaid closure days (twelve in each Fiscal Year); subject to additional floating unpaid days (eight in Fiscal Year 2011-12 and seven in Fiscal Year 2012-13); a salary freeze; a two tier pension plan; and additional language updates and revisions.

FISCAL IMPACT

It is estimated that the proposed two year contract would capture \$20.1 million in savings for each of the Fiscal years 2011-12 and 2012-13 in all funds. This will be actualized by unpaid closure days, additional floating unpaid days and a salary freeze.

BACKGROUND

The current Memorandum of Understanding between the City of Oakland and IFPTE expired June 30, 2011. This labor agreement represents the culmination of negotiations that began in the spring of 2011 with representatives of IFPTE, Local 21, representing approximately 496 employees (confidential; professional engineer, architect, museum; civil and transportation engineer; administrative, professional, technical classifications) and approximately 378 supervisors and managers. Items of significance include represented employees being subject to twelve (12) Mandatory Leave without Pay Days in each fiscal year (2011-12, 2012-13); subject to eight (8) additional Floating Mandatory Leave Without Pay Days (MLWOP) in Fiscal Year 2011-12 and seven (7) additional floating MLWOP days in Fiscal Year 2012-13; and a salary freeze through June 30, 2013.

KEY ISSUES AND IMPACTS

Discussed below are core economic issues, other economic matters, the labor management committee and other significant tentative agreements.

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CORE ECONONMIC ISSUES

This tentative agreement represents a nine percent (9%) concession (reduction in total compensation) for both years of the two-year contract. This is accomplished by MLWOP days, floating unpaid days off and a salary freeze through 2013.

Mandatory Leave Without Pay Days

The proposed agreement has a total of twelve (12) MLWOP days in each fiscal year, totalling a 5% concession for each year. During the closure days, represented employees will not be able to use accrued leave nor will they accrue leave during those days. Closure days will occur during the December holiday period as listed below:

- December 2011: 27, 28, and 29
- December 2012: 26, 27, 28 and 31

The remaining closure days will be determined by the City. Additionally, the City will exercise its discretion to determine which represented employees are required to work on MLWOP days, generally limited to emergency and revenue-generating functions; such employees shall be required to take alternative unpaid days. If it is not practicable for the City to grant unpaid days without backfill, the parties will mutually agree upon alternative means of achieving requirements of "Mandatory Leave Without Pay" (MLWOP).

Floating Mandatory Leave Without Pay days

To achieve additional savings, represented employees will be required to take eight (8) additional floating MLWOP days during fiscal year 2011-2012 and seven (7) additional floating MLWOP days during fiscal year 2012-2013.

OTHER ECONOMIC MATTERS

In addition to the above tentative agreements related to economic proposals, there are tentative agreements on other economic matters, including a "re-opener" provision and a side letter regarding equity among bargaining units.

Re-opener

In the event that the City's financial situation should greatly improve based on objective financial information, the Union will have an option to re-open the contract to discuss reducing the number of MLWOP days, and/or a wage increase effective July 1, 2012 based on actual revenue receipts for Fiscal Year 2010-2011 with the General Purpose Fund. By October 15, 2012 the City will determine the cumulative amount of revenues collected in the General Purpose Fund through property taxes, real estate transfer tax, utility tax and sales tax for Fiscal Year 2011-2012.

Two Tier Pension Plan

Providing retirement benefits to City of Oakland employees is costly. Because the costs of those benefits continue to rise and the funding ratios of the retirement plans decrease, the City examined its retirement

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programs. This tentative agreement achieves a two tier pension plan providing 2.7% at 55 benefits for existing employees and 2.5% at 55 benefits for new employees hired ninety (90) days after adoption of this Memorandum of Understanding. Further, second tier employees will be subject to final compensation of the highest average annual compensation earnable during his/her three consecutive years of employment immediately preceding the effective date of his/her retirement, rather than the twelve (12) highest paid consecutive months. Implementation of a two-tiered retirement system, one benefit plan for existing employees, and a less expensive plan for new employees will reduce the City's costs.

OTHER SIGNIFICANT TENTATIVE AGREEMENTS

Review of Proposed Contracts

The City will simultaneously provide Local 21 a copy of Request for Proposals, Request for Qualifications or other solicitation or negotiation of bids for a professional services contract that is expected to exceed \$100,000 over a period of one year or less. If the Union notifies the City within five (5) working days of receipt of such materials, the City and Union shall meet and discuss the ability of represented employees to perform such work.

Limitation on Use of Annuitants

The use of retired annuitants is limited to a maximum of 960 hours to training existing City staff or develop operational/procedural manuals

Sick Leave Sell-Back

This tentative agreement allows a represented employee who at the beginning of the calendar year has a minimum of sixty (60) days of accumulated sick leave to sell back up to seven (7) days of sick leave, an increase from six (6) days.

Vacation Sell-Back

The tentative agreement removes the prerequisite that the represented employee must have used at least ten (10) days of accrued leave in the preceding calendar year in order to be eligible to sell-back vacation. Additionally, the represented employee may sell back up to twenty (20) days of accrued vacation, an increase from ten (10) days.

Maintenance of Benefits

Represented employees who currently receive full-time insurance benefits but who involuntarily have their hours of work reduced to less than full-time will continue to receive full-time insurance benefits.

RECOMMENDATION AND RATIONALE

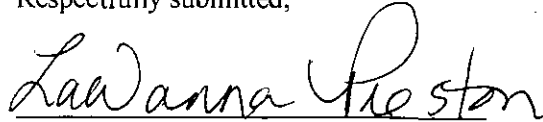
Staff recommends that Council approve the tentative agreement negotiated with the International Federation of Professional & Technical Engineers (IFPTE) Local 21. The tentative agreement meets the interests of both parties and represents a fair and reasonable settlement.

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ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council approve the resolution.

Respectfully submitted,



LaWanna Preston
Human Resources Manager

Prepared by:
Trinette Gist Skinner
Principal Human Resource Analyst
Department of Human Resources Management

APPROVED AND FORWARDED TO THE
CITY COUNCIL:



Office of the City Administrator



City Attorney

OAKLAND CITY COUNCIL

FILED
OFFICE OF THE CITY CLERK
OAKLAND

RESOLUTION No. _____ C.M.S.

2011 JUL 21 PM 5:55

Introduced by Councilmember _____

RESOLUTION APPROVING THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF OAKLAND AND THE INTERNATIONAL FEDERATION OF PROFESSIONAL AND TECHNICAL ENGINEERS, LOCAL 21, REPRESENTING EMPLOYEES IN REPRESENTATION UNITS TA1, TF1, TM2, TW1, UH1, UMI AND UM2, COVERING THE PERIOD FROM JULY 1, 2011, THROUGH JUNE 30, 2013

WHEREAS, the Memorandum of Understanding to be entered into between the City of Oakland and the International Federation of Professional and Technical Engineers, Local 21 has been presented to the City Council for determination pursuant to Section 3505.1 of the Government Code of the State of California; and

WHEREAS, the key provisions of the Memorandum of Understanding are described in the Report from the City Administrator dated July 26, 2011; and

WHEREAS, the terms and conditions contained in said Memorandum of Understanding are effective July 1, 2011 through June 30, 2013.

RESOLVED: Said agreement shall hereby be approved; and, be it

FURTHER RESOLVED: That the provisions of said Memorandum of Understanding, to the extent they differ from the prior Memorandum of Understanding, are effective as of the date the City Council approves said Memorandum of Understanding, unless otherwise specified in said Memorandum of Understanding and shall not be retroactive.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES -

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California