

**CITY OF OAKLAND**  
**AGENDA REPORT**

2011 JUL 21 PM 1:53

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

**SUBJECT: Resolution Approving the Memorandum of Understanding Between the City of Oakland and The International Association of Firefighters, Local 55, Representing Employees in Representation Unit FQ1, Covering the Period of July 1, 2011 through June 30, 2014**

**SUMMARY**

The City of Oakland has reached a tentative agreement on wages and other terms and conditions of employment with the International Association of Firefighters, Local 55. The Agreement is effective July 1, 2011 and extends through June 30, 2014. Key provisions include: (i) 8.85% salary reduction; (ii) reduction of two shifts of vacation; (iii) reduction in minimum staffing by two companies for FY13 and FY14 to offset the return to the 52 hour work week in FY13; (iv) two-tiered retirement. The net financial impact is a reduction in General Fund spending of \$36.5 million over the three year contract period.

**FISCAL IMPACT**

The proposed Agreement results in a net General Fund saving of \$36.5 million over the three year contract period. Details are as follows:

Contract year	2011-2012	2012-2013	2013-2014
<u>Salary Reduction</u> 8.85% salary reduction FY 12-FY14	\$8.2 M	\$8.6 M	\$9.0 M
<u>Vacation</u> Reduce by 2 shifts	\$ .9 M	\$ .9 M	\$ .9 M
<u>Brown out Two Companies</u> Rotating closures of two companies for FY13, FY14	0	\$4.0 M	\$4.0 M
<u>Two-tiered Retirement</u> 3% @ 55 PERS Plan for New Hires based on highest 3-year average	\$0 M	tbd	tbd
<b>Sub-Total Savings</b>	<b>\$9.1M</b>	<b>\$13.5 M</b>	<b>\$13.9 M</b>

Item: \_\_\_\_\_  
City Council  
July 26, 2011

## BACKGROUND

Local 55 represents approximately 430 employees in the Oakland Fire Department. The classifications represented include Fire Fighter, Fire Fighter Paramedic, Engineer of Fire Department, Firefighter/Fire Boat Engineer, Fire Fighter/Fire Boat Operator, Fire Investigator, Fire Marshal, Assistant, Lieutenant of Fire Department, Captain of Fire Department, and Battalion Chief

The current Local 55 MOU covers the period July 2008 through June 2012. Negotiations to revise and extend the contract began in April 2011. In June 2011, tentative agreement was reached to extend the MOU until June 2014 with substantial cost saving terms.

## KEY ISSUES AND IMPACTS

This tentative Agreement represents a collaborative effort to maintain high quality services to the Oakland community fairly compensate Local 55 members and reduce General Fund spending. Concessions provide for net savings to the General Fund in the amount of \$36.5 million over the three year contract period. This is accomplished by: (i) pay rate reduction of 8.85% for three years; (ii) reduction of vacation by 2 shifts; (iii) rotating station closures of 8.85% for three years; (ii) reduction of vacation by 2 shifts; (iii) rotating station closures of two fire companies at a time starting July FY 2012; (iv) two-tiered retirement for new hires at 3%/55 based on a 3-year average of highest pay; and (v) freezing the dental plan premium for three years. The key provisions of the Agreement are detailed below:

### Salary and Work Conditions:

#### Salary Reduction

The Agreement reduces the pay rate by 8.85% for all Local 55 members from July 1, 2011 through June 29, 2014. The contract provides that the pay rate will be reinstated at the end of the contract.

#### Workweek Changes

The Agreement reverts the weekly work hours from 56 hours to 52 hours with the same monthly pay as FY 2011-12 less the 8.85%. This was a temporary concession scheduled to expire with the contract June 2012. This change was already included in the Proposed Budget.

#### Vacation Reduction

Effective July 1, 2011, the number of vacation shifts per employee is temporarily reduced by two (2) shifts, or equivalent hours for employees working on a 40 hour weekly schedule, until June 30, 2014, when existing vacation entitlements under §6.11.1 et seq. are reinstated.

#### Brownout Two Companies

From July 1, 2012 through June 30, 2014, the City can brownout (close on a rotating basis) two companies from service. To match the two year waiver of minimum staffing

Item: \_\_\_\_\_  
City Council  
July 26, 2011

requirements set to expire in 2015 (per the Measure Y-related 2004 side letter), the minimum staffing requirements are extended for an additional two years.

**Benefits:**

Dental Insurance

The current City monthly payment for employee dental insurance premiums remains unchanged through June 30, 2014.

Two-tiered PERS Retirement for Employees Hired after July 1, 2011

New hires will be subject to a change in the existing Public Employee's Retirement System ("PERS") plan to provide for a 3% at age 55 retirement benefit (a cost decrease to the City from the current 3% at 50). In addition, pension benefits are to be based on the final average salary of three years under Government Code §20037 as compared to the current one year of highest salary.

**Other Provisions**

The Agreement provides that the City will not support eliminating binding arbitration (City Charter Section 910) as it relates to firefighters nor can the City unilaterally change this Agreement.

The Agreement provides for a joint labor-management committee on the feasibility and costs of contracting out current OFD services to the Alameda County Fire Department.

Effective January 2012, the City is to use the California Firefighter CPAT qualifying exam to reduce hiring selection costs, unless the CPAT exam is not validated for use in Oakland.

Local 55 will be permitted to participate in the interview process for the new Fire Chief, in a manner determined by the City Administrator.

The Agreement is contingent on the City getting equivalent percentage savings from other bargaining units.

**SUSTAINABLE OPPORTUNITIES**

There are no sustainable opportunities identified.

**DISABILITY AND SENIOR CITIZEN ACCESS**

There are no Americans with Disability Act (ADA) or senior citizen issues associated with this report.

**RECOMMENDATION AND RATIONALE.**

Staff recommends that the City Council approve the Resolution to approve the Memorandum of Understanding between the City of Oakland and International Association of Firefighters, Local 55, representing the employees in representation unit FQ1, covering the period of July 1, 2011 to June 30, 2014.

This agreement provides for a net General Fund savings of \$36.5 million over the three year contract period.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff requests that the City Council approve the Resolution to approve the Memorandum of Understanding between the City of Oakland and International Association of Firefighters, Local 55, representing the employees in representation unit FQ1, covering the period of July 1, 2011 to June 30, 2014.

Respectfully Submitted,



Andrea Gourdme  
Director of DHRM

Prepared by:  
Dan Lindheim  
Chief Negotiator

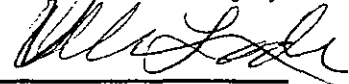
Reviewed by:  
Darryelle LaWama Preston, HR Manager  
DHRM, Employee Relations

**APPROVED FOR FORWARDING TO  
THE CITY COUNCIL**



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City Administrator's Office

Item: \_\_\_\_\_  
City Council  
July 26, 2011



City Attorney

OFFICE OF THE CITY CLERK  
OAKLAND

# OAKLAND CITY COUNCIL

RESOLUTION No. \_\_\_\_\_ C.M.S.  
2011 JUL 21 PM 1:53

**RESOLUTION APPROVING THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF OAKLAND AND THE INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, LOCAL 55, REPRESENTING EMPLOYEES IN REPRESENTATION UNIT FQ1, EXTENDING THE CURRENT MEMORANDUM OF UNDERSTANDING FROM JUNE 30, 2012 UNTIL JUNE 30, 2014**

**WHEREAS**, the Letter of Understanding to be entered into between the City of Oakland and the International Association of Firefighters, Local 55, 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**, that all terms of the Memorandum of Understanding shall be extended from June 30, 2012 until June 30, 2014; and

**WHEREAS**, the terms and conditions contained in said Letter of Understanding are in the best interest of the City, now, therefore; be it

**RESOLVED:** That said Agreement be, and is hereby approved; and be it

**FURTHER RESOLVED:** That the provisions of the Memorandum of Understanding are effective as of July 1, 2011.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, BRUNNER, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, SCHAAF and PRESIDENT REID

NOES -

ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_

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