

CITY OF OAKLAND

AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2011 JUL 21 PM 5:58

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

SUBJECT: Resolution Approving the Agreement Between the City of Oakland and The Oakland Police Officers Association (OPOA), Covering the Period of July 1, 2011 through June 30, 2015

SUMMARY

The City of Oakland has reached an agreement on wages and other terms and conditions of employment with the Oakland Police Officers Association (OPOA). The Agreement is effective July 1, 2011 and extends through June 30, 2015. This modifies the existing closed contract that was to extend through FY13. Key economic provisions include: (i) 9% contribution to PERS; (ii) additional delay in the original 4% COLA arbitration award until FY15; (iii) two additional holiday concessions for FY13-15; (iv) two-tiered retirement (3% @55); (v) reduction in first step pay by 10% and reduction in trainee pay by 15% below new first step. Key non-economic provisions include: (i) no layoff or furlough guarantee; (ii) limitations on the use of annuitants; (iii) resolution of pending grievance arbitration to provide for Sergeant supervision of radio room; (iv) resolution of pending arbitration regarding sick leave; (v) no 5/8 shifts for patrol (maintains current 4/10 and 3/12 mix). The Agreement results in net General Fund savings of \$40.2 million and all funds savings of \$50.5 million over the four year contract period, in addition to concessions previously agreed to in 2009.

FISCAL IMPACT

The Agreement results in net General Fund savings of \$40.2 million and all funds savings of \$50.5 million over the four year contract period. Details are as follows:

Contract year	2011-2012	2012-2013	2013-2014	2014-2015
<u>9 %Pers Contribution</u>	\$7.9 M	\$7.1 M	\$6.2 M	\$6.2 M
<u>4% COLA delay</u>	0	\$2.3 M	\$4.6 M	\$2.4
<u>2 additional holidays FY13-15</u>	0	\$0.5 M	\$0.3 M	0
<u>Two-tiered Retirement</u> 3% @ 55 PERS Plan for New Hires based on highest 3-year average	\$0 M	tbd	tbd	tbd
<u>Step 1 and Trainee Pay Reduction</u>	0	\$0.4 M	\$0.9 M	\$1.4 M
<u>Total GPP Savings</u>	\$7.9M	\$10.3 M	\$12.0 M	\$10.0 M
<u>Total All Funds Savings</u>	\$9.5M	\$12.9 M	\$15.6 M	\$12.5 M

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BACKGROUND

OPOA represents over 600 sworn employees in the Oakland Police Department. The current MOU ends June 2013. Negotiations to revise and extend the contract have been ongoing for much of the year. An agreement was reached to extend the MOU until June 2015 with substantial cost saving terms.

KEY ISSUES AND IMPACTS

The Agreement results in net General Fund savings of \$40.2 million and all funds savings of \$50.5 million over the four year contract period. The principal savings include: (i) 9% contribution to PERS, (ii) delay in arbitrator awarded COLA until FY15 (iii) Pay reduction for new officers (10%) and trainees (15%) (iv) two-tiered retirement for new hires at 3%/55 based on a 3-year average of highest pay. The key provisions of the Agreement are detailed below:

Salary and Work Conditions:

PERS contribution

Effective July 1, 2011, OPOA members will contribute the full 9% PERS employee share. This saves the City the 9% employee share currently paid by the City on base income as well as the 9% of the 9% treated as income by PERS for a total of 9.81%.

Delay in 2008 Arbitrator-awarded 4% COLA

The 4% COLA was awarded as part of the 2008 arbitration award. It was originally to be effective July 2009, was postponed in past negotiations to FY13, and is now delayed until FY15, the last year of the contract under this new Agreement. 2% of the 4% COLA will be paid at the start of FY15; 2% at January 1, 2015.

Additional Holiday Concession

As part of the 2009 concession bargaining, OPOA agreed to a reduction in 6 holidays through FY12. That 6 holiday concession will continue to end at the end of FY12. For FY13-FY15, two additional holidays are conceded to the City (1 floating holiday and Admission Day).

Reduced First Step and Trainee Pay

New officers will be paid at a new first step rate that is 10% below the current first step. New trainees will be paid at a new rate that is 15% below the new first step.

Benefits:

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.

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Sick Leave Incentive Program

The 2008 arbitration left the resolution of a sick leave incentive program to be determined later. For various reasons, that was never resolved and is scheduled for new arbitration in July. This provision settles this arbitration by providing OPOA members sick leave benefits roughly in line with those of Miscellaneous staff with a few enhancements.

At ratification, all time in member "virtual" sick leave banks (over 480 hours) is to be converted to vacation time on a 2 sick day to 1 vacation day conversion. Thereafter, member sick leave balances in excess of 480 hours will be converted in January at the same 2 to 1 rate. At termination, sick leave balances will also be cashed out on the same 2 to 1 rate. This latter term compares to the cash out rate for miscellaneous employees at a 3 to 1 rate.

Other Provisions

The Agreement provides that the City will not support eliminating binding arbitration (City Charter Section 910) as it relates to the OPOA or the concessions are null and void.

The Agreement maintains the current 4/10 (and 3/12) patrol shift and does not permit a 5/8 patrol shift.

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

The Agreement prohibits layoffs, furloughs, or rank reversion (except for discipline), or the use of annuitants (except 7 existing annuitants).

The Agreement provides members access to their supervisory notes files and maintains the status quo regarding written reprimands.

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.

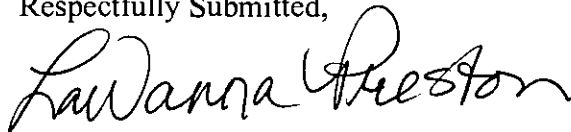
Staff recommends that the City Council approve the Resolution to approve the Agreement between the City of Oakland and the OPOA covering the period of July 1, 2011 to June 30, 2015.

The Agreement results in net General Fund savings of \$40.2 million and all funds savings of \$50.5 million over the four year contract period.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council approve the Resolution to approve the Agreement between the City of Oakland and the OPOA covering the period of July 1, 2011 to June 30, 2015.

Respectfully Submitted,



LaWanna Preston
Human Resources Manager
Department of Human Resources Management

Prepared by:
Dan Lindheim
Chief Negotiator

**APPROVED FOR FORWARDING TO
THE CITY COUNCIL**



City Administrator's Office

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City Council
July 26, 2011

OAKLAND CITY COUNCIL


City Attorney

FILED
OFFICE OF THE CITY CLERK
OAKLAND

RESOLUTION No. _____ C.M.S.

2011 JUL 21 PM 5:50

RESOLUTION APPROVING THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF OAKLAND AND THE OAKLAND POLICE OFFICERS ASSOCIATION, REPRESENTING EMPLOYEES IN REPRESENTATION UNIT PP1 AND UN2, EXTENDING THE CURRENT MEMORANDUM OF UNDERSTANDING UNTIL JUNE 30, 2015

WHEREAS, the Memorandum of Understanding between the City of Oakland and the Oakland Police Officers Association, 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 current Memorandum of Understanding shall be extended until June 30, 2015;

WHEREAS, the terms and conditions contained in the Memorandum 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