

CITY OF OAKLAND

AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2011 JUL 21 PM 5:56

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 Confidential Management Employees Association Representing Employees in Representation Unit U31 for the Period of July 1, 2011 through June 30, 2013**

SUMMARY

The City of Oakland has reached a tentative agreement on wages and other terms and conditions of employment with the Confidential Management Employees Association (CMEA). Key provisions include represented employees being subject to unpaid closure days (twelve in each Fiscal Year); subject to additional floating unpaid days (four in Fiscal Year 2011-12 and one in Fiscal Year 2012-13); a salary freeze; a two tier pension plan; and language contained in the IFPTE Local 21 MOU.

FISCAL IMPACT

It is estimated that the proposed two year contract would capture \$1.34 million in savings in each of the Fiscal years 2011-12 and 2012-13 in all funds. This will be actualized by Mandatory Leave Without Pay days, additional floating unpaid days and a salary freeze.

BACKGROUND

CMEA was formed in June 2009 by submitting required forms to become the exclusive representative of employees in the U31 bargaining unit. CMEA was recognized by the City on June 4, 2009. This labor agreement, the first for CMEA, represents the culmination of negotiations that began in the fall of 2009 with representatives of CMEA, representing approximately 25 confidential management employees. 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 four (4) Floating Mandatory Leave Without Pay days in Fiscal Year 2011-12 and one (1) Floating Mandatory Leave Without Pay day in Fiscal Year 2012-13; and a salary freeze effective July 1, 2011 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.

CORE ECONOMIC 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 Mandatory Leave Without Pay days, Floating Mandatory Leave Without Pay days and a salary freeze through 2013.

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Mandatory Leave Without Pay Days

The proposed agreement has a total of twelve (12) Mandatory Leave Without Pay days in each fiscal year, five (5%) concessions 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. Mandatory Leave Without Pay Days (MLWOP) 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 Mandatory Leave Without Pay 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).

The City will continue to provide two (2) months advance notice to essential employees required to work on December closure days except in cases of unforeseen circumstances. The City will continue to "smooth" the effect of unpaid days during the December Closures.

Floating Mandatory Leave Without Pay Days

To achieve additional savings, represented employees will be required to take four (4) additional Floating Mandatory Leave Without Pay Days during fiscal year in 2011-2012 and one (1) additional Floating Mandatory Leave Without Pay Day during fiscal year in 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 programs. This tentative agreement achieves a two tier pension plan providing 2.7% at 55

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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 over time.

OTHER SIGNIFICANT TENTATIVE AGREEMENTS

Review of Proposed Contracts

The City will simultaneously provide CMEA 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 CMEA notifies the City within five (5) working days of receipt of such materials, the CMEA 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 train 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.

SIDE LETTER AGREEMENTS

Mandatory Leave Without Pay Days and Floating Unpaid Days Off

The City will provide two (2) months advance notice to essential employees required to work on December closure days except in cases of unforeseen circumstances.

Equity Within the City

This provision provides if other bargaining units do not concede the equivalent savings; the MOU shall reopen solely for the purpose of resolving an inequity in economic concessions not obtained from other bargaining units.

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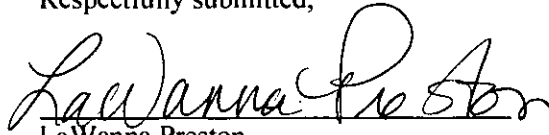
RECOMMENDATION AND RATIONALE

Staff recommends that Council approve the tentative agreement negotiated with the Confidential Management Employees Association. The tentative agreement meets the interests of both parties and represents a fair and reasonable settlement.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council approve the resolution.

Respectfully submitted,




LaWanna Preston
Human Resources Manager
Department Of Human Resources Management

**APPROVED AND FORWARDED TO THE
CITY COUNCIL:**


Office of the City Administrator

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July 26, 2011


City Attorney

OAKLAND CITY COUNCIL

FILED
OFFICE OF THE CITY CLERK
OAKLAND

RESOLUTION No. _____ C.M.S.

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Introduced by Councilmember _____

RESOLUTION APPROVING THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF OAKLAND AND THE CONFIDENTIAL MANAGEMENT EMPLOYEES ASSOCIATION REPRESENTING EMPLOYEES IN REPRESENTATION UNIT U31 FOR 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 Confidential Management Employees 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 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; now, therefore, be it

RESOLVED: That said agreement be, and is, hereby approved.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

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