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OAKLAND

# AGENDA REPORT

2019 JAN 31 PM 3: 04

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Ian Appleyard  
Director, Human  
Resources Management

**SUBJECT:** Approve the Conditional Arbitration  
Award Between The City of  
Oakland And IAFF, Local 55 And  
Salary Ordinance Amendment

**DATE:** January 30, 2019

City Administrator Approval

Date:

1/31/19

## RECOMMENDATION

Staff Recommends That The City Council:

- 1) Adopt A Resolution Approving The Conditional Arbitration Award And The Tentative Agreements To The Memorandum Of Understanding Between The City Of Oakland And The International Association of Firefighters, Local 55 Representing Employees In Representation Unit FQ1 For A Term Of November 1, 2017 Through October 31, 2020; And
- 2) An Ordinance Amending Salary Schedule Of Ordinance 12187 C.M.S. (The Salary Ordinance) To Provide Wage Increases To Represented Employees In Representation Unit FQ1 Pursuant To The Memorandum Of Understanding Between The City Of Oakland And The International Association of Firefighters, Local 55 As Follows: Increase Of 4% Effective November 1, 2017; Increase Of 1% Effective November 1, 2018; and 2% Effective The First Full Pay Period In November 2019; And
- 3) An Ordinance Amending Salary Schedule Of Ordinance 12187 C.M.S. ("Salary Ordinance") To Provide Wage Increases To The Salaries Of The Unrepresented Chief of Fire, Deputy Chief of Fire Department and Assistant Chief of Fire Department, Representation Units UR1 and UU1; The Wage Increases Shall Be As Follows: Increase Of 4% Effective November 1, 2017; Increase Of 1% Effective November 1, 2018; and 2% Effective The First Full Pay Period In November 2019.

Item: \_\_\_\_\_  
City Council  
February 5, 2019

## **EXECUTIVE SUMMARY**

The City of Oakland has resolution on wages and other terms and conditions of employment with the International Association of Firefighters, Local 55 ("IAFF"), representation unit FQ1 after participating in interest arbitration pursuant to Oakland Charter section 910 (**Attachment A**). The duration of the agreement is three years from November 1, 2017 through October 31, 2020. Significant terms of this arbitration award,<sup>1</sup> include, but are not limited to, wage increases and changes to City-paid retiree health benefits that caps active employees and current retirees and aligns new hires' benefits with the City's miscellaneous, non-sworn employees. The changes to retiree health benefits represents a significant Other Post-Employment Benefits ("OPEB") relief to the City that amounts to approximately \$100 million over the next five years.

The proposed amendment to the Salary Ordinance has been prepared to provide IAFF members, representation unit FQ1 (**Attachment B**), with a four percent (4%) wage increase effective November 1, 2017; a one percent (1%) wage increase effective November 1, 2018; and a two percent (2%) wage increase effective the first full pay period in November 2019. Similar wages and terms and conditions are also effective for the unrepresented classifications of Chief of Fire, Deputy Chief of Fire Department and Assistant Chief of Fire Department, representation units UR1 and UU1 (**Attachment B**). Additionally, if Fiscal Year (FY) 2018-19 General Purpose Fund unrestricted local tax revenues, as forecast in the Third Quarter Revenue & Expenditure Report or as confirmed based on audited actuals for FY 2018-19, exceed the General Purpose Fund unrestricted local tax revenues for FY 2018-19 as approved in the FY 2017-19 Adopted Policy Budget by four and one half percent (4.5%) or more, bargaining unit members shall receive an additional one percent (1%) wage increase effective the first pay period January 2019. Should this revenue trigger be met, a separate Salary Ordinance amendment with the additional one percent (1%) will be prepared for Council.

## **BACKGROUND/LEGISLATIVE HISTORY**

The current Memorandum of Understanding (MOU) between the City of Oakland and IAFF expired on October 31, 2017. In September 2017, the City and IAFF engaged in successor negotiations and reached over thirty tentative agreements until impasse was declared in or about March 2018. Thereafter, the Parties selected Barry Goldman, Esq. to oversee the interest arbitration pursuant to City Charter section 910. Five days of hearings took place in July and August 2018 followed by mediation in January 2019. On January 10, 2019, Arbitrator Goldman issued a Conditional Arbitration Award, which also included the tentative agreements, for a three-year contract effective November 1, 2017 through October 31, 2020 (**Attachment A**).

## **ANALYSIS/POLICY ALTERNATIVES**

Approval of the proposed Resolution is necessary to adopt the Arbitration Award and Tentative Agreements for incorporation into the successor MOU between the City and IAFF. The Agenda Report, Ordinances, and Resolution are being prepared for Council approval and authorization.

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<sup>1</sup> The arbitration award includes tentative agreements reached between the parties through formal negotiations

A Salary Ordinance amendment requires two (2) City Council readings with the first reading on February 5, 2019 for consideration and approval, and second reading on February 26, 2019. If for any reason the Tentative Agreement/MOUs are not finalized or approved, the Salary Ordinance amendments could be canceled or delayed if required. The following is a summary of the key tentative agreements and Conditional Arbitration Award that are fully set forth in (**Attachment A**).

**Term:** Three-year contract term from November 1, 2017 - October 31, 2020.

**Article 2:** Wage Increases

November 1, 2017 – Four percent (4%) salary increase;  
November 1, 2018 – One percent (1%) salary increase; and  
November 2019 (effective first full pay period) – Two percent (2%) salary increase.

Staff Assignment Pay

Forty Hour Workweek Premium: An increased premium to ten percent (10%) for unit members assigned to a forty-hour workweek.

ARFF Premium

A two percent (2%) premium to unit members with an Aircraft Rescue Firefighting Certification who are permanently assigned to the airport (subject to Port approval).

Hazmat Premium

Recommitment to an up to six percent (6%) premium to unit members with HazMat certification who are assigned to Station 3.

Technical Rescue Premium

Up to a six percent (6%) premium to unit members with a Technical Rescue Certification who are assigned to Station 1.

Uniform Allowance

An increase in allowance to \$695.00 by 2020 and an agreement to provide all members with a Class A uniform.

Mutual Aide/Strike Team

IAFF members may use vacation leave to take the remainder of a shift off upon returning from a mutual aid/strike team deployment. If the City is entitled to reimbursement for the time off, there will be no deduction from the member's leave bank.

**Article TBA:** Retiree Health:

The Tentative Agreement revises the City's retiree health contribution for active employees, current retirees and future hires. The City shall submit and bring to Council separate Resolutions setting forth the agreement on retiree health for sworn firefighters in accordance with California Public Employees Retirement

System (CalPERS) regulations. The agreement for active and retired sworn firefighters as follows:

- For existing retirees and bargaining unit members employed as of December 31, 2018, the City shall reimburse retiree health premiums up to a maximum of the City's 2020 contribution for employee + 1 (2-party) for Kaiser Bay Area Premium (as defined below).
- This benefit will be limited to the following qualified individuals:
  - All Sworn firefighters with a hire date on or before December 31, 2018, who remain employed by the City with no break in service until retirement, and who retire directly from the City; and
  - All existing CalPERS Fire Sworn retirees who retired directly from the City of Oakland.
- The City shall maintain its contract with CalPERS to provide medical benefits and include in the retiree health benefit, the statutory Public Employees' Medical & Hospital Care Act (PEMHCA) minimum payment.
- For covered retirees, the City's monthly retiree health benefit shall be up to a maximum of the City's 2020 contribution for Kaiser Bay Area Premium for employee + 1 (two party) (inclusive of the statutory minimum) and paid as follows:
  - Pre-Medicare Eligible: Employee + 1 Monthly 2020 retiree medical contribution for Kaiser Bay Area Basic Premium;
  - Medicare Eligible: Employee + 1 Monthly 2020 retiree medical contribution for Kaiser Senior Advantage Supplemental Plan. [Occurs when both parties are Medicare eligible.]
  - Combination Eligible: Employee + 1 Monthly 2020 retiree medical contribution for Kaiser/Kaiser Senior Advantage at the "Combination Monthly Rate." [Occurs when 1 party is Medicare eligible and the dependent is not Medicare eligible.]
- The retiree health benefit described in the tentative agreement for existing retirees and for employees with a hire date on or before December 31, 2018 shall be vested in the qualified individuals and their eligible surviving beneficiaries.
- To be eligible for this benefit, continuous service with the City of Oakland until retirement is required. If a sworn firefighter separates from employment and is rehired by the City as a sworn firefighter, the employee's "hire date" for purposes of determining retiree health benefit eligibility, including the vesting described above, shall be the date of rehire.

- Active sworn firefighters will maintain healthcare benefits (currently capped at Kaiser Bay Area) paid through a cafeteria plan.
- The agreement for future sworn firefighters hired as of January 1, 2019 is as follows:
  - All eligible sworn firefighters hired on or after January 1, 2019 (including eligible employees who separate from employment and are rehired on or after January 1, 2019) and who retire directly from the City shall receive a retiree medical premium reimbursement equal to the statutory PEMCHA minimum.
  - All eligible sworn firefighters who retire directly from the City of Oakland with ten (10) or more years of service shall be entitled to an additional \$425.40 for the purchase of medical coverage.
  - The ten (10) year service requirement shall not apply to any sworn firefighter who is granted a service-connected disability retirement.
- The retiree medical relief set forth above is intended to reduce the City's retiree medical cost from the 2018 cost. For the life of the contract, each year, the City will contribute the difference between that year's Pay-As-You-Go retiree medical cost and the 2018 Pay-As-You-Go retiree medical cost (i.e., 2018 PayGo minus current year PayGo) to a Section 115 Trust for the payment of retiree medical benefits for IAFF members. There will be no payment if the current year Pay-As-You-Go cost exceed the 2018 Pay-As-You-Go cost. Moreover, in the event the Actuarially Required Contribution (ARC) is less than the difference in Pay-Go amounts, the City will contribute the ARC.

**Article TBA:** Longevity Premium

A longevity payment in the amount of \$1,250 paid to currently employed IAFF members with eight (8) or more years of service that is payable the first pay period in July 2019. The longevity payment will increase to \$1,300 payable to IAFF members the first pay period in July 2020, and will increase again to \$1,350.

**Article TBA:** 48/96

The City agrees to move to a 48/96 schedule for a one year trial period. The pilot program shall expire on June 30, 2020 only if both IAFF and the City agree to continue the 48/96, otherwise the shift schedule automatically reverts to the 24/48 schedule.

**Article 3:** Health Reimbursement Arrangement

The Parties incorporated the Side Letter regarding the Health Reimbursement Agreement. Additionally, the City shall make a one time deposit of \$1,000 into the HRA for all IAFF members employed as of January 1, 2019.

Dental Premiums

The City shall continue to contribute \$223/month for dental insurance which shall not increase for the term of the MOU.

Item: \_\_\_\_\_  
Special City Council  
February 5, 2019

**Article 4:**     Staffing

Staffing shall be measured from 0800 hours and the City shall not be required to backfill individual vacancies caused by personnel use leave after the start of the shift. However, the department will make reasonable efforts to secure backfill.

Acting Higher Rank

When an eligible list exists, the City will make acting assignment in order from those working on the shift that particular day. If none of the members working the shift are on the eligible list, the City shall use the "B List" which contains members willing to work, eligible for promotion, and have demonstrated competency in the skills necessary for an acting assignment. If none meet these requirements, the City shall use the "C List" which contains members eligible to compete in a promotional examination with respect to time in grade only and who have demonstrated competency in the skills necessary for an acting assignment.

Maximum Period for Acting Higher Rank

The classification of Paramedic (28 shifts), Fire Investigator (28 shifts), and Assistant Fire Marshall (6 months) have been added to this list.

Reading Lists

The core reading list shall include up to seventeen (17) sources.

**Article 5:**     Physical Examinations

Every two years, the City will make available a NMP22 Bladder Check. The City will also reimburse members up to \$30 per year to purchase Hemastix or FIT Home Tests. In the event the Federal Drug Administration approves the IvyGene blood test or similar diagnostic test, the Parties will meet and confer to discuss use of the test.

Chemical Dependency Testing

When a member tests positive for illegal drugs/alcohol, the Chief has the discretion to discipline up to two shift in conjunction with a Last Chance Agreement.

**Article 6:**     Industrial Injuries and Illnesses

Union Business Leave

Release time for IAFF union leaders is increased to 750 working hours and shall only be deducted from the leave bank when the department backfills the position.

Military Leave

Military paid leave is increased from 300 hours to 360 hours.

**Article 9:**     Arbitrators

Wilma Rader is deleted from the panel list of arbitrators.

Notice of Disciplinary Issues

The department shall notify a member when an investigation is closed.

**FISCAL IMPACT**

The total costs associated with the three (3) year MOU include the wage increases and other economic provisions as outlined in this staff report. **Table 1** reflects the total estimated costs of the MOU across all funds on a budgetary basis (fully-burdened).

**Table 1 - Estimated 3-Year Cost of MOU**

(\$ in Millions)	FY 2017-18	FY 2018-19	FY 2019-20
All Funds	\$2.9	\$10.8	\$12.8

*Other Post-Employment Benefit Reforms*

There are significant near-term and long-term savings because of the agreed upon retiree medical reforms, which include capping the existing benefit for active employees and current retirees and reducing the benefit for new bargaining unit members hired after January 1, 2019.

**Table 2** below demonstrates the savings the City will experience on a pay-as-you-go basis across all funds and in the GPF. These savings are due to the capping the OPEB benefit for existing retirees and current active employees who are near retirement.

**Table 2 - Pay-As-You-Go Savings (All Funds)**

(\$ in Millions)	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
All Funds "Pay-Go"	\$0.00	(\$0.37)	(\$0.60)	(\$0.85)	(\$1.10)

As shown in **Table 3** the City's Annual Required Contribution ("ARC") will reduce by 9.4% of IAFF payroll in FY 2020-21. The reduction to the ARC will increase to 10.4% of payroll by FY 2023-24. In future years (not shown in the table below) the ARC savings is forecast to be even greater as the impact of the lower benefit for new hires begins to materialize.

**Table 3 - Annual Required Contribution (% of Payroll)**

(% of IAFF Payroll)	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
ARC Savings	0.0%	(9.4%)	(9.7%)	(10.1%)	(10.4%)

The City's actuarially accrued liability ("AAL") for Fire (Table 4) will reduce by \$79.34 million in FY 2020-21, an approximate 31% reduction in the overall retiree healthcare liability for Fire. The AAL savings will increase to \$100.01 million by FY 2023-24. This will substantially improve the City's Net Position on a go-forward basis.

**Table 4 - Actuarial Accrued Liability**

(\$ in Millions)	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Current Plan AAL	\$238.86	\$249.24	\$260.13	\$271.62	\$283.26
New Plan AAL	\$238.86	\$169.90	\$174.09	\$178.72	\$183.25
Savings	0	(\$79.34)	(\$86.04)	(\$92.93)	(\$100.01)

**PUBLIC OUTREACH / INTEREST**

No public outreach is required.

**SUSTAINABLE OPPORTUNITIES**

**Economic:** There are no economic opportunities associated with this report.

**Environmental:** There are no environmental opportunities associated with this report

**Social Equity:** There are no social equity opportunities associated with this report.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff recommends that the City Council:

- 1) Adopt A Resolution Approving The Arbitrator's Award On The Memorandum Of Understanding Between The City Of Oakland And The International Association of Firefighters, Local 55 Representing Employees In Representation Unit FQ1 For A Term Of November 1, 2017 Through October 31, 2020;
- 2) Amend Salary Schedule Of Ordinance 12187 C.M.S. (The Salary Ordinance) To Provide Wage Increases To Represented Employees In Representation Unit FQ1 Pursuant To The Memorandum Of Understanding Between The City Of Oakland And The International Association of Firefighters, Local 55 As Follows: Increase Of 4% Effective November 1, 2017; Increase Of 1% Effective November 1, 2018; and 2% Effective The First Full Pay Period In November 2019;



- 3) Amend Salary Schedule Of Ordinance 12187 C.M.S. ("Salary Ordinance") To Provide Wage Increases To The Salaries Of The Unrepresented Chief of Fire, Deputy Chief of Fire Department and Assistant Chief of Fire Department, Representation Units UR1 and UU1; The Wage Increases Shall Be As Follows: Increase Of 4% Effective November 1, 2017; Increase Of 1% Effective November 1, 2018; and 2% Effective The First Full Pay Period In November 2019.

For questions regarding this report, please contact Ian Appleyard, Director of Human Resources at (510) 238-6450 or Allyson Cook, Assistant Director, Human Resources Management (510) 238-6466.

Respectfully submitted,



Ian Appleyard  
Director  
Human Resources Management

Prepared by:  
Allyson E. Cook, Assistant Director  
HRM/Employee Relations

Attachments (2):

- A. Conditional Arbitration Award
- B. List of Classifications

**CONDITIONAL ARBITRATION AWARD**

Pursuant to Oakland Charter section 910, the City of Oakland and IAFF Local 55 participated in an interest arbitration before this Arbitrator. Based on the record of this case, I am issuing the following Award, subject to the condition stated in Paragraph C below.

**A. Terms**

The full provisions of this Agreement are set forth in **ATTACHMENT 1**, the terms of which are incorporated by reference herein, and in the following paragraphs.

**B. Tentative Agreements**

All Tentative Agreements formally signed shall remain in effect. The Tentative Agreements appear in **ATTACHMENT 2** and are incorporated by reference herein.

**C. Vesting of Retiree Health Provisions**

Vesting of retiree health benefits as described in ATTACHMENT 1, paragraph 2.d, is an integral aspect of this Award. Therefore, this Award is subject to and contingent on an affirmative vote by the City Council that vests retiree medical benefits for existing retirees and bargaining unit members employed as of December 31, 2018 in accordance with ATTACHMENT 1, paragraph 2.d.

**D. Unresolved Disputes**

Failing Council approval of Vested Retiree Health Benefits as described in paragraph C above, the Arbitrator retains jurisdiction to issue an alternate, superseding award. The Arbitrator further retains jurisdiction to resolve any dispute or controversy relating to the terms or implementation of this Award.

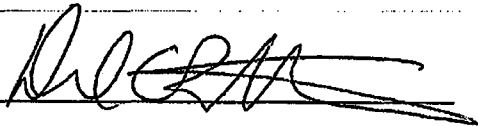
**E. Effective Date**

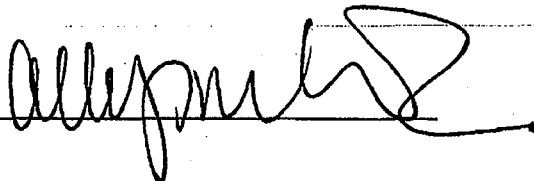
This Conditional Award shall be binding upon signature by the parties hereto.

DATED: January 10, 2019

  
 \_\_\_\_\_  
 BARRY GOLDMAN  
 ARBITRATOR

ACKNOWLEDGED:

\_\_\_\_\_  


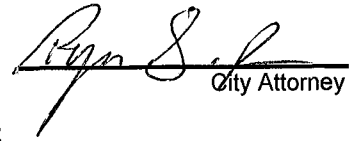
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**ATTACHMENT B**

REP	CLASS_NUM	TITLE	STD_HR
UR1	EM105	Chief of Fire	80
UU1	EM113	Assistant Chief of Fire Department	80
UU1	PS117	Deputy Chief of Fire Department	80
UU1	EM224	Fire Divison Chief	80
UU1	EM168	Fire Marshall	80
FQ1	PS102	Battalion Chief	104
FQ1	PS180	Battalion Chief	80
FQ1	PS104	Captain of Fire Department	80
FQ1	PS103	Captain of Fire Department	104
FQ1	PS119	Engineer of Fire Department	80
FQ1	PS118	Engineer of Fire Department	104
FQ1	PS128	Fire Fighter	80
FQ1	PS130	Fire Fighter	80
FQ1	PS129	Fire Fighter	80
FQ1	PS127	Fire Fighter	104
FQ1	PS126	Fire Fighter	104
FQ1	PS125	Fire Fighter	104
FQ1	PS183	Fire Fighter Paramedic	80
FQ1	PS184	Fire Fighter Paramedic	104
FQ1	PS133	Fire Fighter, Relief	104
FQ1	PS135	Fire Fighter/Fire Boat Engineer	80
FQ1	PS134	Fire Fighter/Fire Boat Engineer	104
FQ1	PS136	Fire Fighter/Fire Boat Operator	104
FQ1	PS137	Fire Fighter/Fire Boat Operator	80
FQ1	PS138	Fire Investigation Coordinator	80
FQ1	PS181	Fire Investigator	104
FQ1	PS139	Fire Investigator	80
FQ1	EM169	Fire Marshall	104
FQ1	SP141	Fire Marshall, Assistant	80
FQ1	PS140	Fire Marshall, Assistant	80
FQ1	PS147	Inspector, Fire Prevention Bureau	80
FQ1	PS146	Inspector, Fire Prevention Bureau	104
FQ1	PS149	Lieutenant of Fire Department	80
FQ1	PS150	Lieutenant of Fire Department	104
FQ1	PS154	Lieutenant, Fire Prevention Bureau	80
FQ1	PS153	Lieutenant, Fire Prevention Bureau	104

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

OAKLAND CITY COUNCIL

  
City Attorney

2019 JAN 31 PM 3:05 RESOLUTION No. \_\_\_\_\_ C.M.S.

**RESOLUTION APPROVING THE CONDITIONAL ARBITRATION AWARD AND TENTATIVE AGREEMENTS TO THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF OAKLAND AND THE INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, LOCAL 55 REPRESENTING EMPLOYEES IN REPRESENTATION UNIT FQ1 FROM NOVEMBER 1, 2017 THROUGH OCTOBER 31, 2020**

**WHEREAS,** the Conditional Arbitration Award and Tentative Agreements to the Memorandum of Understanding between the City of Oakland and the International Association of Firefighters, Local 55 ("IAFF"), 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 Conditional Arbitration Award and Tentative Agreements to the Memorandum of Understanding with IAFF are described in the Report from the City Administrator dated February 5, 2019; and

**WHEREAS,** the terms and conditions contained in said Conditional Arbitration Award and Tentative Agreements to the Memorandum of Understanding are in the best interests 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 said Conditional Arbitration Award and Tentative Agreements to the Memorandum of Understanding are effective upon ratification unless otherwise specified therein.

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

**PASSED BY THE FOLLOWING VOTE:**

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

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

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