CITY OF OAKLAND

AGENDA REPORT

TO:	Elizabeth Lake Interim City Administrator	**FROM:**	Mary Hao Human Resources Director
SUBJECT:	Approve the Tentative Agreements for the July 1, 2026 – June 30, 2031 Memoranda of Understanding Between the City and the Oakland Police Officers' Association (Rank And File and Managers Units) and Salary Ordinance Amendment for Represented Employees and Certain Unrepresented Police Sworn Public Safety Employees	**DATE:**	September 3, 2026

City Administrator Approval Elizabeth Lake (Sep 3, 2026 17:14:52 PDT) Date: Sep 3, 2026

RECOMMENDATION

Staff Recommends That The City Council Adopt The Following Pieces of Legislation:

1. **Resolution Approving The Tentative Agreement For The Memorandum Of Understanding Between The City Of Oakland And The Oakland Police Officers' Association (Rank And File Unit) Representing Employees In Representation Units PP1 and PT1, Covering The Period Of July 1, 2026 Through June 30, 2031**

2. **Resolution Approving the Tentative Agreement For The Memorandum of Understanding Between The City of Oakland And The Oakland Police Officers' Association (Managers Unit) Representing Employees In Representation Unit UN2, Covering The Period Of July 1, 2026 Through June 30, 2031**

3. **Ordinance Amending The Salary Schedule Of Ordinance No. 12187 C.M.S. ("Salary Ordinance") To Provide Wage Increases For Employees Pursuant To The Oakland Police Officers' Association (Rank And File Unit) Representing Employees In Representation Units PP1 and PT1; The Oakland Police Officers' Association (Managers Unit) Representing Employees In Representation Unit UN2; And For Unrepresented Police Sworn Public Safety Employees In Classifications In Unit UN1**

EXECUTIVE SUMMARY

The City of Oakland has reached tentative agreements on five-year successor memoranda of understanding ("MOU" or "agreements") with the Oakland Police Officers' Association ("OPOA") (Rank and File Unit) (***Attachment A***) and the Oakland Police Officers' Association (Managers Unit) (***Attachment B***) with the term of the agreements from July 1, 2026, through June 30, 2031. The parties' tentative agreement includes base wage increases to represented employees in both the rank and file and managers units and incremental contributions to healthcare and pension by the employees over the term of the contract. The tentative agreement also includes clarification of the process for the City to use non-sworn employees and a contract reopener to address the Fair Labor Standards Act threshold for overtime calculations should the City reach the staffing levels set forth in Measure NN.

The City Administrator, pursuant to City Ordinance No. 12903 C.M.S. ***(Attachment C)***, has authorized the base wage increases, select benefits, contributions to health and pension, and other terms and conditions of employment that are provided to represented employees in Oakland Police Officers' Association (Rank and File and Managers Units), to certain unrepresented Police Sworn public safety employees in classifications in Unit UN1, effective on the same dates.

BACKGROUND / LEGISLATIVE HISTORY

The current MOUs between the City of Oakland and the OPOA Rank and File and Managers Units expired June 30, 2026. In April 2026, the City and OPOA began negotiating successor labor agreements for both units, which resulted in tentative agreements for successor MOUs for five-year terms and include general base wage increases each year of the agreement. The tentative agreements also include represented employees' contribution to health benefits and additional contributions to their pension to offset the employer's cost. These negotiated contributions to healthcare and pension defray the cost of the increase in longevity premiums in the OPOA Rank and File and Managers Units and the additional salary adjustment for the Captains in the Managers unit. The City Administrator, pursuant to City Ordinance 12903, has authorized to extend to certain unrepresented Police Sworn public safety employees in classifications in Unit UN1 the same wage increases and contributions to health and pension, with the same effective dates.

City Ordinance No. 12903 C.M.S., adopted on November 18, 2008, established the City Council's compensation policies and provisions for City Employees, Officials, and Officers. The Ordinance memorializes the authority and discretion the City Council has granted to the City Administrator regarding fixing compensation and supplements City Ordinance No. 12187 C.M.S. (***Attachment D***) Ordinance No. 12903 C.M.S., Section 1.20 states, in part, "Ordinance No. 12187 thereby gives the City Administrator the discretion to grant unrepresented employees the same compensation and other terms and conditions of employment that are provided to represented employees under MOUs, or to provide unrepresented employees less

compensation than the compensation that is provided to represented employees in each category or type of compensation.''

ANALYSIS AND POLICY ALTERNATIVES

Approval of the Resolutions is necessary to adopt the Tentative Agreements ***(Attachments A and B***) for incorporation into successor MOUs between the City and OPOA (Rank and File Unit) and OPOA (Managers Unit)[1].

The tentative agreements for both the Rank and File and Managers Units contain base wage increases totaling 14% over the five-year term. The Captains of Police (PERS) classification in the Managers unit will also receive an additional 5% increase effective the first full pay period in January 2027 to address salary compaction.

Represented employees in both units will contribute toward healthcare premiums. Currently, the City contributes 100% of the Bay Area Kaiser plan[2] premiums at the respective enrollment levels (i.e., employee-only, employee + 1, employee + family). Beginning in January 2027, the City's contribution will gradually decrease and employees will begin contributing toward health care, with the City's contribution decreasing to 90% of the Bay Area Kaiser plan premiums by the fourth year of the agreements. Additionally, the parties have agreed to a monthly in-lieu payment of $160 for those who waive City benefit coverage, provided that employees provide satisfactory proof of health insurance coverage.

As to retirement, currently represented employees in Tiers 1 and 2 (i.e., employees hired before January 1, 2013) contribute 12% toward their retirement. Employees in Tier 3 (i.e., employees hired on or after January 1, 2013) are in the Public Employees' Pension Reform Act (PEPRA) group. Each year, CalPERS determines the total rate contribution for the PEPRA group and PEPRA employees pay at least 50% of that rate. The FY 2025-26 and 2026-27 Oakland Safety Police PEPRA contribution is 12.75%. By the beginning of the fifth year of the MOUs, represented employees at all retirement Tiers will make an additional 3% contribution to their pension.

Represented employees in both units will also receive increases to the longevity premium, the cost of which is defrayed by the employee's contribution to health and pension. The improvement to the longevity premium will help retain police officers at all ranks and help in the Oakland Police Department's efforts to reach the staffing levels set forth in Measure NN.

[1] The City and Union agreed to a clean-up proposal to correct the references to "Oakland Police Management Association" (or "OPMA"), as the Oakland Police Officers' Association is the official exclusive representative of the employees in representation unit UN2, and not the "OPMA." Hence, the reference to the OPOA (Managers Unit) to differentiate from the OPOA (Rank and File Unit).
[2] The City of Oakland participates in the health benefits offered by CalPERS, also known as PEMHCA (Public Employees' Medical and Hospital Care Act).

As to overtime, represented employees in the Rank and File unit will be required to receive the Chief of Police's (or designee) mutual written agreement if they wish to receive compensatory leave for overtime hours worked. The City will have discretion to buy down employees' accrued, unused compensatory leave banks and allow employees to maintain a certain balance. The parties have also agreed that should staffing levels reach the required number set forth in Measure NN, the City may notice the OPOA to meet and confer over modifications to the Fair Labor Standards Act (FLSA) overtime thresholds described in the MOU.

These agreements also include a "me too" clause. Parties generally enter into "me too" clauses so that there is no disadvantage to the labor group who settles their contract before other groups during the same bargaining cycle. The "me too" clause provides that the OPOA will receive any "above base compensation" that may be negotiated, awarded through arbitration or imposed terms with other bargaining units during the life of the successor agreements (July 1, 2026 – June 30, 2031). "Above base compensation," per the parties' tentative agreement, is defined as the difference of 1) "the cumulative and ongoing increase in wages, benefits or other compensation (including but not limited to premiums, allowances, longevity, equity/market wage adjustments), by labor agreements, arbitration awards or imposed terms with the unions named above, expressed as a percentage wage increases (sometimes referred to as COLAs) of equal value at the close of the last day of the relevant contracts, imposed terms or arbitration awards" less 2) "the cumulative ongoing value of any negotiated new or increased contributions to the City, concessions, or cost containment items (pay-fors) expressed as a percentage COLA of equal value to any other economic term in the MOUs or tentative agreements imposed terms or arbitration awards at the close of the last day of the term of the same." If the difference between 1) and 2) exceeds the base amount, that amount shall be considered "above base compensation" and be paid as a COLA to members represented by the OPOA (Rank and File and Managers Units). The Director of Finance must certify and approve any such amounts, and any disputes will be resolved through the grievance arbitration process per the parties' MOUs.

By the time this item is scheduled for ratification consideration by the City Council, it is expected OPOA members will have ratified these tentative agreements. A Salary Ordinance amendment requires two readings; it will be presented for its first reading on September 15, 2026, for consideration and approval, and a second reading on October 6, 2026.

The following is a summary of the key provisions of the tentative agreements excluding the numerous tentative agreements reached on non-substantive, cleanup language:

For OPOA (Rank and File Unit):

MOU Article	Section
Article I	<u>Discrimination Prohibited</u> • Updates language to include political affiliation and "or any other protected class under state, federal or local law" to conform to federal and state law.

MOU Article	Section
Article III.A.	Wages • 2% base salary increase effective the first full pay period in January 2027 • 1% base salary increase effective the first full pay period in January 2028 • 1% base salary increase effective the second full pay period in June 2028 • 1.25% base salary increase effective the first full pay period in January 2029 • 1.75% base salary increase effective the second full pay period in June 2029 • 1.25% base salary increase effective the first full pay period in January 2030 • 1.75% base salary increase effective the second full pay period in June 2030 • 3% base salary increase effective the first full pay period in January 2031 • 1% base salary increase effective the last full pay period in June 2031
Article III.D.	Adjustment for Overpayments • Repayment by pay deduction only for active employees.
Article III.G.	Overtime • Represented employees who wish to earn compensatory time off when working overtime must receive the Chief's (or designee) mutual written agreement. • The City shall have discretion to buy down an employee's accrued, unused compensatory leave bank up to an amount that allows the employee to maintain 200 hours in their bank. • Prior to an employee's promotion, the City shall cash out the employee's accrued, unused compensatory leave bank up to an amount that allows the employee to maintain 100 hours of leave in their bank. • Reopener: Should staffing levels reach the required number set forth in Measure NN, the City may notice the OPOA to reopen the MOU specifically and only for purposes of meeting and conferring over modifications of the Fair Labor Standards Act (FLSA) overtime threshold set forth in MOU Article III(G). Any modifications to the overtime threshold is subject to mutual agreement of the parties.
Article III.H.3.	Bilingual Pay • Bilingual premium increased from $25 per pay period to $50 per pay period.

<table>
<tr><th>MOU Article</th><th>Section</th></tr>
<tr><td>Article III.H.5.</td><td><u>Longevity Premium Pay</u>
1. Beginning the First Full Pay Period in July 2027 through June 30, 2028

<table>
<tr><td>Years of Services</td><td>PERS</td><td>P&F</td></tr>
<tr><td>5 through 6 years of service</td><td>2% of base wage</td><td></td></tr>
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<tr><td>10 through 14 years of service</td><td>6% of base wage</td><td></td></tr>
<tr><td>15 through 19 years of service</td><td>8% of base wage</td><td></td></tr>
<tr><td>20 or more years of service</td><td>10% of base wage</td><td>$1,168.30</td></tr>
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2. Beginning the First Full Pay Period in July 2028

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• Payment shall be made bi-weekly, beginning in the first full pay period following an employee's anniversary date that marks entry into a new longevity tier.
• For the purposes of Longevity Premium Pay, an employee's hire date is their most recent hire date with the City, such that any employee who separates from the City and returns would receive Longevity Premium Pay based on their most recent hire date. All City service from the most recent hire date is included in identifying eligible employees' years of service.
• The City shall report special compensation to CalPERS in accordance with CalPERS regulations.
• Longevity Premium Pay must comply with California Code of Regulations section 571 for classic members, and section 571.1 for new members under PEPRA to be reported to CalPERS as longevity pay special compensation.</td></tr>
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<tr><td>Article IV</td><td><u>Retirement</u>
1. All represented "Classic" members (defined as Tiers One and Two) shall pay additional contributions toward the employer's share of the CalPERS pension costs, as follows:</td></tr>
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<tr><th>Effective Date</th><th>Additional Employee Contribution</th><th>Total Employee Contribution</th></tr>
<tr><td>July 1, 2026</td><td>0%</td><td>12%</td></tr>
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2. All represented members in Tier Three shall also pay additional contributions toward the employer's contribution to CalPERS, as follows:
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Effective the first full pay period in January 2027, the City's health premium contribution shall be 97.5% of the Bay Area Kaiser (PEMHCA) plan premium based on the employee's enrollment tier (i.e., employee only, employee +1, employee + family). Employees shall pay all remaining cost associated with the plan in which they enroll.
Effective the first full pay period in January 2028, the City's health premium contribution shall be 95% of the Bay Area Kaiser (PEMHCA) plan premium based on the employee's enrollment tier (i.e., employee only, employee +1, employee + family). Employees shall pay all remaining cost associated with the plan in which they enroll.
Effective the first full pay period in January 2029, the City's health premium contribution shall be 92.5% of the Bay Area Kaiser (PEMHCA) plan premium based on the employee's enrollment tier (i.e., employee only, employee +1, employee + family). Employees shall pay all remaining cost associated with the plan in which they enroll.
Effective the first full pay period in January 2030, the City's health premium contribution shall be 90% of the Bay Area Kaiser (PEMHCA) plan premium based on the employee's enrollment tier (i.e., employee
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MOU Article	Section
	only, employee +1, employee + family). Employees shall pay all remaining cost associated with the plan in which they enroll. Waiver of Health Benefits • Employees who waive City health insurance coverage may elect to receive a monthly-in-lieu payment of one hundred and sixty dollars ($160 per month) effective the month in which the waiver becomes effective, upon the City's receipt of satisfactory proof of the represented employee's health insurance coverage.
Article VI	Sick Leave • Clarify use of sick leave for all injury or illness
Article VIII	Education Incentives • Included language for CalPERS compliance
Article IX	Use of Non-Sworn Employees • Clarifies the process to be followed should the City seek to use non-sworn employees.
Article X	Grievance Procedure • Parties will request a list of arbitrators from the California State Mediation and Conciliation Services for unresolved grievances. • The City and OPOA will alternate hosting arbitration hearing locations. Parties may mutually agree to hold hearings remotely.
Article XII	Duration • 5-year term: July 1, 2026 – June 30, 2031
Attachment 3	Promotional Examinations • Clean up language regarding how employees sign up to take promotional exams during application period. • If an exam observer is late to a portion of the exam, the exam will proceed as originally scheduled. • The City is not precluded from retaining candidate names and IDs for the purpose of statistical analysis of exam components and ensuring accuracy of candidate scores.
Letters of Understanding	1. Joint Labor Management Committee – Quarterly meeting to discuss issues including recruitment and retention; compliance with the Negotiated Settlement Agreement; discipline and promotions within the Department; labor issues, excluding open grievances; and calls for service, including non-emergency, non-law enforcement calls for service designated for a police response.

MOU Article	Section
	2. Access to Policies - Department shall provide employees and their representatives a policy, procedure or protocol that is not available via the Power DMS link pursuant to a written request from the employee or representative. 3. Meeting with the Mayor -- The Mayor and designated members of the OPOA executive board will meet in person on a quarterly basis to discuss issues related to OPOA members community engagement and ways to serve the public. 4. Case Closures – The City agrees to revise DGO-M3 (Complaints Against Departmental Personnel or Procedures) to include notifying an employee when there is a finding of not sustained, unfounded, or exonerated within 10 calendar days of the conclusion of the investigation.

For the OPOA (Managers Unit):

MOU Article	Section
Article I	Discrimination Prohibited • Updates language to include "or any other protected class under state, federal or local law" to conform to federal and state law.
Article III.A. and B	Wages • 2% base salary increase effective the first full pay period in January 2027 • 1% base salary increase effective the first full pay period in January 2028 • 1% base salary increase effective the second full pay period in June 2028 • 1.25% base salary increase effective the first full pay period in January 2029 • 1.75% base salary increase effective the second full pay period in June 2029 • 1.25% base salary increase effective the first full pay period in January 2030 • 1.75% base salary increase effective the second full pay period in June 2030 • 3% base salary increase effective the first full pay period in January 2031 • 1% base salary increase effective the last full pay period in June 2031

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• For the purposes of Longevity Premium Pay, an employee's hire date is their most recent hire date with the City, such that any employee who separates from the City and returns would receive Longevity Premium Pay based on their most recent hire date. All City service from the most recent hire date is included in identifying eligible employees' years of service.
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• Effective the first full pay period in January 2027, the City's health premium contribution shall be 97.5% of the Bay Area Kaiser (PEMHCA) plan premium based on the employee's enrollment tier (i.e., employee only, employee +1, employee + family). Employees shall pay all remaining cost associated with the plan in which they enroll.
• Effective the first full pay period in January 2028, the City's health premium contribution shall be 95% of the Bay Area Kaiser (PEMHCA) plan premium based on the employee's enrollment tier (i.e., employee only, employee +1, employee + family). Employees shall pay all remaining cost associated with the plan in which they enroll.
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Article VII.C.	<u>Sick Leave</u> • Clarify use of sick leave for all injury or illness
Article VII.H.	<u>Floating Holiday</u> • Replaced the 8 hours of compensatory leave per year with 8 hours of extra vacation leave per year.
Article VIII	<u>Self Improvement Incentives</u> • Included language in POST and Education Incentives for CalPERS compliance • Increased the Master's Degree incentive from 5% to 10% and removed the pyramiding of the Bachelor's and Master's Degree incentives.
Article X	<u>Grievance Procedure</u> • Parties will request a list of arbitrators from the California State Mediation and Conciliation Services for unresolved grievances. • The City and OPOA will alternate hosting arbitration hearing locations. Parties may mutually agree to hold hearings remotely.
Article XI.F.	<u>Duration</u> • 5-year term: July 1, 2026 – June 30, 2031
Letters of Understanding	1. <u>Access to Policies</u> - Department shall provide employees and their representatives a policy, procedure or protocol that is not available via the Power DMS link pursuant to a written request from the employee or representative. 2. <u>Case Closures</u> – The City agrees to revise DGO-M3 (Complaints Against Departmental Personnel or Procedures) to include notifying an employee when there is a finding of not sustained, unfounded, or

MOU Article	Section
	exonerated within 10 calendar days of the conclusion of the investigation.

FISCAL IMPACT

The costs of the newly agreed-to labor agreements are summarized in Table 1 below. The costs include changes to wage, position-specific equities, premiums, additional contributions toward health premiums and the employer's pension costs, and other economic items over the life of the agreements. Table 2 below separates the net cost by the two OPOA Representative Units; Rank and File includes the classifications of Police Officer, Sergeant and Lieutenant; Managers includes the classifications of Captain and Deputy Chief.

TABLE 1

Cost Element	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
Wages and premiums	**$2,443,892**	**$9,962,996**	**$17,131,158**	**$24,641,342**	**$34,743,805**	**$88,923,193**
Benefit cost containment	($182,058)	($2,437,014)	($3,590,553)	($4,807,726)	($5,798,411)	**($16,815,762)**
Net City Cost	**$2,261,834**	**$7,525,982**	**$13,540,606**	**$19,833,616**	**$28,945,394**	**$72,107,431**

TABLE 2

OPOA Unit	FY26-27	FY27-28	FY28-29	FY29-30	FY30-31	Total
Rank & File	$2,145,769	$7,193,615	$12,904,304	$18,996,046	$27,798,745	**$69,038,478**
Managers	$116,065	$332,367	$636,302	$837,570	$1,146,648	**$3,068,953**
Total	**$2,261,834**	**$7,525,982**	**$13,540,606**	**$19,833,616**	**$28,945,394**	**$72,107,431**

In the fifth fiscal year, the OPOA contracts are expected to increase the City's net costs by roughly $29 million annually. This is roughly 12.39% of current OPOA payroll and represents an approximate annual increase of just under 2.48% over the term of the contract compared to the status quo current costs for compensation and benefits. This annual increase does not include any increased City costs due to medical inflation or required increased pension contributions that would arise based upon the status quo benefit arrangements.

The tentative agreements with OPOA contain significant cost containment provisions which are vital to the long-term sustainability of City finances. The two most important arrangements are: an increase in employee contributions to the employer share of CalPERS retirement costs for

both CalPERS classic and PEPRA members; and ongoing agreement to share the costs of employee medical insurance whereby OPOA members will pay 10% of the Kaiser benefit cost. Containment of pension and medical costs is among the most important elements of improving the City's long-term fiscal health.

PUBLIC OUTREACH / INTEREST

No public outreach is required.

COORDINATION

This report was developed in coordination with information provided by the Budget Bureau of the Finance Department in relation to the fiscal impact of these tentative agreements. This report was also reviewed by the Office of the City Attorney.

RACE AND EQUITY

There are no direct race and equity opportunities associated with this report.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt The Following Pieces of Legislation:

1. Resolution Approving The Tentative Agreement For The Memorandum Of Understanding Between The City Of Oakland And The Oakland Police Officers' Association (Rank And File Unit) Representing Employees In Representation Units PP1 and PT1, Covering The Period Of July 1, 2026 Through June 30, 2031

2. Resolution Approving the Tentative Agreement For The Memorandum of Understanding Between The City of Oakland And The Oakland Police Officers' Association (Managers Unit) Representing Employees In Representation Unit UN2, Covering The Period Of July 1, 2026 Through June 30, 2031

3. Ordinance Amending The Salary Schedule Of Ordinance No. 12187 C.M.S. ("Salary Ordinance") To Provide Wage Increases For Employees Pursuant To The Oakland Police Officers' Association (Rank And File Unit) Representing Employees In Representation Units PP1 and PT1; The Oakland Police Officers' Association (Managers Unit) Representing Employees In Representation Unit UN2; And For Unrepresented Police Sworn Public Safety Employees In Classifications In Unit UN1

For questions regarding this report, please contact Mary Hao, Director of Human Resources, at (510) 238-6450.

Respectfully submitted,

Mary Hao
Director, Human Resources Management Dept

Reviewed by:
Monica Davis, Deputy City Administrator

Attachments (4):

A: Tentative Agreement between the City of Oakland and the Oakland Police Officers' Association (Rank and File Unit)
B: Tentative Agreement between the City of Oakland and the Oakland Police Officers' Association (Managers Unit)
C: City Ordinance No. 12903 C.M.S.
D: City Ordinance No. 12187 C.M.S.