

City of Oakland Labor Negotiations Update

July 31, 2019

IFPTE, Local 21

Mediation between the City of Oakland and the International Federation of Professional and Technical Engineers, Local 21 (IFPTE, Local 21) has concluded without a successor agreement.

Mediation Process

The City increased its wage offer to the Union as follows:

Year 1

- **2% wage increase** effective first full pay period after July 1, 2019
- **\$1,028 one-time flat dollar payment** to full-time employees in December 2019 (pro rata share for part-time employees) based on available undesignated Fund Balance in the General Purpose Fund

Year 2

- **2% wage increase** effective first full pay period after July 1, 2020
- **1% wage increase** effective first full pay period after November 1, 2020

The Union rejected the City's increased offer and did not move on its wage demand of 5% each year for a total package of 10% over two years. Projected costs of Local 21's proposal exceed the adopted budget by \$18.4 million, equivalent to approximately 102.59 full-time positions. Although Local 21 rejected the City's proposal in mediation, the City remains optimistic that the parties will reach an agreement in the near future.

The City's package proposal would maintain benefits:

- Continue to pay 100% of active employee health care costs at the full family level (~\$25,000 per employee/year)
 - Absorb 100% of pension cost increases of more than \$8.0 million in FY 2019-20 for Miscellaneous employees alone (year-over-year cost increase of 11.6%)
 - Preserve and sustainably fund retiree health benefits for Miscellaneous employees
 - Continuing to provide baby bonding wage replacement to IFPTE, Local 21 members
- ✓ Note: The package described above represents a 2.6% year-over-year increase in benefits costs (health, dental, vision, and pension) per employee (in addition to any wage increase).

Fact Finding Process

IFPTE, Local 21 has informed the City that it is unable to accept the City's proposed terms. The next step in the process is fact finding, if invoked by IFPTE, Local 21 and is a non-binding process. Once a fact finder is assigned, the process can take an extended period (possibly more than 90 days) from hearing to recommendation. Following fact finding, the fact-finder's recommendation becomes public and the City Council will consider whether to take any further action.

Negotiations Timeline

The parties started negotiating a successor agreement in February 2019, and on June 13, 2019, the City declared impasse. As of that date, each of the 21 IFPTE, Local 21 employee representatives had received 176 hours of paid release time. Of the 176 hours, 16 hours were spent bargaining directly with City representatives.

On June 13, 2019, the City's wage offer included:

- 2% effective upon City Council ratification in open session
- 2% effective first full pay period after July 1, 2020
- 1% one-time, flat-dollar amount based on General Fund available undesignated fund balance, based on audited financials

Recruitment and Hiring

The City continues to propose minor adjustments to the hiring process to help fill vacancies and increase City services. The Union has not provided a counter proposal on these issues. Specifically, the City has identified reasonable hiring efficiencies that will save time and reduce bias in recruitment. One proposal includes increasing the certification rule from 4 to 10 ranks, which allows the department to have a larger hiring pool and reduces bias against those who do not test well. This reflects best practices and the industry norm.

Attachments:

- A. Internal and external settlement pattern (attached)
- B. Oakland as a competitive employer (attached)
- C. Proposals and Tentative Agreements
<https://www.oaklandca.gov/documents/2019-labor-negotiations>
- D. Previous Labor Updates
<https://www.oaklandca.gov/documents/2019-labor-negotiations>

Sustainable Benefits and Services

Our goal in labor negotiations is to secure long-term benefits for employees, offer fair wage increases within the existing budget, and ensure we can deliver critical services to our community now and into the future.

SEIU, Local 1021:

The City is also participating in mediation with SEIU and remains hopeful that it will reach a successor agreement.

IBEW, Local 1245 and CMEA:

IBEW and CMEA reached agreement with the City on a successor contract in February 2019. The term of the new contracts covers July 1, 2019 to June 30, 2021, and the contracts provide for two wage increases: 2% effective July 2019 and an additional 2% in July 2020. IBEW and CMEA members will receive the 2% wage increase in this upcoming payroll (August 2, 2019).

1% Trigger for SEIU, Local 1021, IFPTE, Local 21, IBEW, Local 1245, CMEA, and IAFF, Local 55:

Following the 2017 successor negotiations, the City's civilian unions and IAFF, Local 55 contracts provided for a 1% wage increase if the Fiscal Year 2018-19 General Purpose Fund unrestricted local tax revenues, as forecast in the Third Quarter Revenue & Expenditure Report, exceeded the General Purpose Fund unrestricted local tax revenues for FY 2018-19 as approved in the FY 2017-19 Adopted Policy Budget by 4.5% or more. This "revenue trigger" was met, and all eligible non-sworn employees and IAFF, Local 55 members received a 1% wage increase in June 2019. Eligible employees will also receive retroactivity to the first pay period after January 1, 2019. The City is currently processing the retroactive payment.