

Statement and Data re: City of Oakland Labor Negotiations September 25, 2019

Statement from Karen Boyd, Spokesperson, City of Oakland

“The City of Oakland has focused on four key goals during labor negotiations: secure long-term health benefits for employees, offer a fair wage increase that is within the existing budget, speed the hiring process, and ensure we can deliver critical services to our community now and into the future. The City has proposed no changes to key benefits or civil service rights.

“We recognize the impact that vacancies have on departmental operations and have asked the Unions to partner with us in speeding up the hiring process to fill vacancies more quickly. The City has proposed minor modifications to unnecessarily restrictive and time-consuming processes that delay hiring and slow our efforts to fill vacancies in a timely manner. These proposed modifications are in line with best practices in other public agencies. So far both Unions have flatly rejected those proposals.

We look forward to continuing good-faith discussions during the upcoming fact-finding process.”

A few data points to consider (see charts below for more detail):

- The City currently has 565 vacant positions. It has **added** 595 full-time positions, a 15% increase in the workforce, over the past 5 years.
- Adding nearly 600 employees has exacerbated the vacancy challenge but provides more service to the community.
- Oakland’s vacancy rate is 25% below other government agencies in the region.
- Oakland is tied with San Jose as providing the highest wage increases compared to other public agencies in the region.
- At the time impasse was declared in June, the City offered a 4% wage increase over 2 years, plus a one-time bonus based on meeting revenue targets, per City Council authorization. The proposal also included modest changes to the hiring process to streamline and expedite recruitment and hiring to address vacancies.
- Both Unions rejected this proposal and chose to pursue mediation and the fact-finding process.

More data and documents related to the negotiations can be found here:

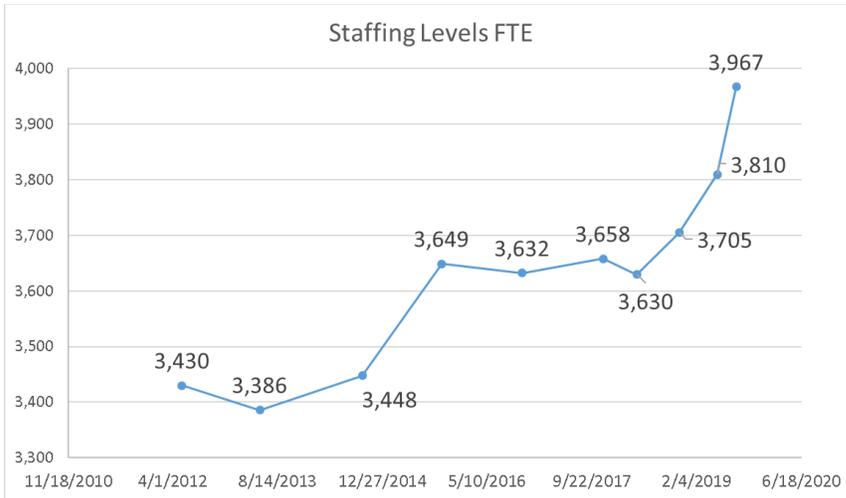
<https://www.oaklandca.gov/documents/2019-labor-negotiations>.

Vacancy Rate Data

- With historically low unemployment rates, competition for talent is a globally recognized challenge, especially in the Bay Area.
- The City currently has 565 vacant positions. It has **added** 595 full-time positions, a 15% increase in the workforce, over the past 5 years.

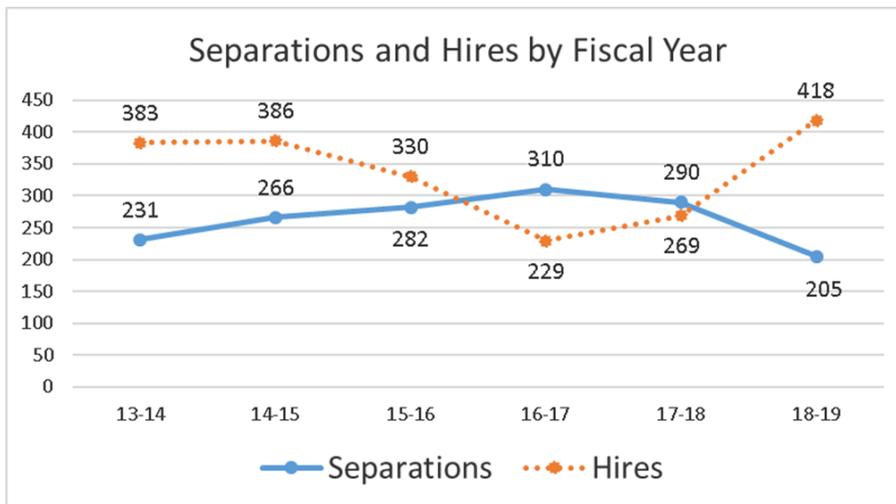
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- **Adding nearly 600 employees** has exacerbated the vacancy challenge but provides more service to the community.
- Oakland’s vacancy rate of 12.5% is lower than the regional public sector vacancy rate of 16.6%. Stated another way, **Oakland’s vacancy rate is 25% below other government agencies in the region** (Berkeley, San Francisco, San Jose, Fremont, Hayward, Richmond, and Contra Costa County).
- The City has made significant progress in hiring in fiscal year 2018-19, as shown in the chart below:



Resignation Rate and Wage Comparison Data

The number of separations (retirements, resignations, and other reasons) has decreased significantly, as shown in the chart below:



- **The City’s resignation rate of 4.6% is low compared to a normal resignation rate of 7 to 9%** considering the competition for public-sector talent.

- Last year, 607 employees separated from the City: 355 (58%) were temporary, seasonal employees; 78 employees retired (12%); 105 employees voluntarily resigned (17%).

Wage Competitiveness Data

Oakland’s wage and compensation package is competitive. Over the last 4 years, the City has provided a 3.5% average wage increase, totaling 14% over that time. **Oakland is tied with San Jose as providing the highest wage increases**, as shown below.

Jurisdiction	Last 4 years	
	Avg	Total
City of Oakland	3.50%	14.00%
City of San Jose	3.50%	14.00%
San Francisco	3.13%	12.50%
City of Concord	2.88%	11.50%
County of Alameda	2.56%	10.25%
Contra Costa County	2.50%	10.00%
City of San Leandro	2.25%	9.00%
City of Vallejo	1.63%	6.50%
City of Fremont	1.50%	6.00%
City of Alameda	1.50%	6.00%
City of Berkeley	0.75%	3.00%
City of Hayward	0.75%	3.00%
City of Richmond	0.50%	2.00%

Timeline and Status of Labor Negotiations

- The City has been engaged with SEIU, Local 1021 and IFPTE, Local 21 to reach successor agreements since February 2019
- By mid-June, both sides remained far apart on wages and the City declared impasse.
- At the time impasse was declared, the City offered a 4% wage increase over 2 years, plus a one-time bonus based on meeting revenue targets, per City Council authorization.
- Following impasse, both Unions agreed to mediation; at that time, the City passed an enhanced wage proposal, per City Council direction.
- Neither Union presented a counter proposal on wages during mediation.

- SEIU, Local 1021 continued to demand an 8.0-8.5% wage increase over 2 years.
- IFPTE, Local 21 continued to demand an 8% wage increase over 2 years.
- Both Unions rejected the City's request to streamline and expedite the recruitment and hiring process.
- Both Unions informed the City that they are unable to accept the City's proposed terms and have invoked fact finding. This is a non-binding process that can take an extended period (60 to 90 days) from hearing to recommendation.
- Six fact finding hearings (3 for each Union) are scheduled between September 27 and October 9.

Making the Hard Decisions Now to Secure the Future

- While Oakland's economic growth continues to be stable, expenses are projected to outpace growth in revenues, at 2-3 times the rate of inflation (see recently published [Five-Year Forecast](#)).
- Rising expenses are being driven primarily by rising personnel costs related to medical benefits and pensions, and increases to other fixed costs like fuel, utilities, and insurance.
- Over the past seven years, the cost of living has risen by about 22%, yet the cost of medical benefits have increased 37% and pension rates have skyrocketed by 115% in comparison. Despite these steep increases, the City has absorbed the rising costs without passing them along to City employees.
- These trends are projected to continue into the future
- In addition to the projected shortfalls in the years ahead, current projections of the City's total unfunded liability for retirement benefit obligations—including CalPERS, retired police and fire, and retiree medical benefits—are \$2.7 billion.
- The City must continue to exercise budgetary discipline to secure Oakland's long-term financial health.