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City of Oakland and Firefighters Union Local 55 Resolve Contract Dispute

Arbitrator's award provides \$79 million in retirement cost savings, plus fair wages, predictable and guaranteed medical benefits for retirees, and improved financial stability, consistent with new police contract

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Oakland, CA – The City of Oakland and the International Association of Fire Fighters (IAFF), Local 55 have resolved a 14-month contract dispute with the help of an arbitrator, whose recent award establishes a new labor agreement that provides for fair wage increases and predictable and guaranteed medical benefits for retirees. The agreement is consistent with the new police contract approved by the City Council in November 2018.

In a unanimous vote on Tuesday, the City Council approved a specific contract provision requiring their authorization, effectively finalizing the new agreement and vesting retiree medical benefits. Under the terms of the deal, the parties have agreed to:

- A three-year contract, from November 1, 2017 to October 31, 2020
- A wage increase of up to 8% over the three-year contract, as follows:
 - 4% retroactive to November 2017
 - 1% effective November 2018, with an additional 1% depending on the City's Q3 revenues
 - 2% effective November 2019

This wage increase, funded within the existing City budget, is consistent with the increases provided to civilian employees through the labor agreements ratified by the City's four civilian employee labor groups a year ago, as well as the recently approved police union contract, which provides an average of 2.5% per year over the five-year agreement.

Significantly, the new firefighters contract will cap the amount the City contributes for retiree health care benefits for active employees and current retirees, and aligns new hires' benefits with the City's civilian employees, consistent, with the new police contract.

These retiree medical caps represent significant relief to the City in beginning to address the growing and unfunded liabilities associated with providing health care to employees after they retire. The changes to retiree health benefits contained in the two public safety labor agreements are projected to reduce the unfunded liability by \$79 million in the new contract with Local 55, and by \$96 million in the new police contract in FY 2019-20 when reforms take effect, for a **total projected reduction of \$175 million in**

the near term. The savings from these benefit reforms will continue to increase as the benefit tier for new hires materializes. By FY 2032-33 (within the next 15 years), **these reforms will save \$391 million** against the current projected liability.

Current projections of the City's total liability for future retiree health care costs are \$860 million and growing. City Administrator Sabrina Landreth acknowledges that solving this challenge requires partnership with elected policymakers and employee unions to secure the City's long-term financial outlook and preserve the services our Oakland community needs.

“We appreciate the Oakland Police Officers Association for being the first employee union to step forward and partner with the City to address Oakland's long-term financial stability,” she said. “And I am grateful that this new contract with our firefighters marks additional progress towards our goal of securing long-term health benefits for employees, and offering a fair wage increase that is within the existing budget, while also ensuring that we can deliver critical services to our community into the future.”

Background on Negotiation Process with Local 55

The City and Local 55, which represents 505 Oakland firefighters, have been negotiating a new contract since September 2017. After more than 20 formal bargaining sessions and many more informal, off-the-record meetings, in March 2018, Local 55 declared impasse, which initiated interest arbitration pursuant to the City Charter. The parties selected arbitrator Barry Goldman, Esq., and five days of hearings took place in July and August 2018.

The arbitrator issued a final decision on the contract terms on January 10, 2019, and the remaining provision of the award requiring City Council approval was unanimously approved by the Council yesterday.

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