

FREQUENTLY ASKED QUESTIONS

Has the City reached an impasse with its labor unions?

No. All parties have confirmed that they have **not** reached impasse. That makes the strike unlawful.

Under California law, both the City and its labor unions have a duty to bargain and to participate in statutory impasse procedures **in good faith**. The City cannot unilaterally implement concessions and the unions cannot strike until the completion of those processes, including fact-finding.

What’s on the table?

SEIU, Local 1021 and IFPTE, Local 21 are the City’s two largest employee unions and represent about 2,700 employees, nearly the entire City civilian workforce. As shown in the tables below, the total cost of the unions’ wage proposal is \$55 million over two years. The cost of the wage increases offered to SEIU and Local 21 is \$33.4 million, a variance of nearly \$22 million.

SEIU, Local 1021

The City has passed its Last, Best, and Final Offer (LBFO) to SEIU, Local 1021 (read it [here](#)). As shown in the comparison chart below, the LBFO to SEIU includes a wage increase of up to 6%, including 4% retroactive to July 1, 2017, at a cost of \$15.9 million. In addition to the LBFO, the City will continue to provide fully paid family healthcare benefits (at cost of approximately \$25,000 per employee per year in 2018), and absorb all pension and health-care related rate increases.

SEIU's wage proposal is 8% over two years, at a cost of \$19.2 million.

Cost Comparison of SEIU’s Proposal to City’s LBFO

	SEIU, Local 1021		City’s Last, Best, Final Offer		Variance
	<i>Proposal</i>	<i>Cost</i>	<i>Offer</i>	<i>Cost</i>	
FY 2017-18	4%	\$6.1 M	4%	\$6.1 M	\$0
FY 2018-19	4%	\$13.1 M	2% revenue sharing (if triggered)	\$9.8 M*	\$3.3 M
Two-Year Total	8%	\$19.2 M	Up to 6%	\$15.9 M	\$3.3 M

**Effective end of FY 18-19*

The City and SEIU have also reached 75 tentative agreements (read them [here](#)) that address substantive issues, including health and safety, employee compensation, and disciplinary processes.

In addition to the wage offers above, the City has offered to:

- Provide equity increases for 9-1-1 fire and police dispatchers and other employees in classifications with salaries well below market rate and that are difficult to recruit for in a competitive environment,
- Enhance compensation for part-time employees, and
- Improve family leave benefits for employees.

As part of the City’s offer, some employee classifications mentioned above, such as dispatchers and sewer service workers, will receive combined wage increases up to nearly 10%.

IFPTE, Local 21

The City of Oakland is offering Local 21 a wage increase of up to 6%, including 4% retroactive to July 1, 2017, over two years, at a cost of \$17.5 million. In addition, the City will continue to provide fully paid family healthcare benefits (at cost of approximately \$25,000 per employee per year in 2018), and absorb all pension and health-care related rate increases.

IFPTE, Local 21's wage proposal is 16% over two years, at a cost of \$35.8 million.

Cost Comparison of Local 21’s Proposal to City’s Offer

	IFPTE, Local 21		City’s Offer		Variance
	<i>Proposal</i>	<i>Cost</i>	<i>Offer</i>	<i>Cost</i>	
FY 2017-18	6%	\$10.2 M	4%	\$6.8 M	\$3.4 M
	2% signing bonus	\$1.9 M	n/a	\$0	\$1.9 M
FY 2018-19	6%	\$21.7 M	2% revenue sharing (if triggered)	\$10.7 M*	\$11.7 M
	2% signing bonus	\$2.0 M	n/a	\$0	\$2.0 M
Two-Year Total	16%	\$35.8 M	Up to 6%	\$17.5 M	\$18.3 M

**Effective end of FY 18-19*

The City and Local 21 have also reached more than 55 tentative agreements (read them [here](#)) that address substantive issues, including paid family leave, an increase in shift differential pay, and the creation of several committees that will address employee compensation.

City Continues to Absorb Rising Employee Health Insurance Costs

The City highly values its employees. In addition to an 8% wage increase over the last 2 years, which is above the cost of living rate, the City also provides generous retirement, medical, dental, and vision benefits. The cost to the City of providing fully paid family health insurance is currently \$23,000 per employee per year. The City has continued to absorb rising health care costs, which in 2018 will go up 6%, bringing the cost of paid family health care to nearly \$25,000 per employee next year.

Is the City Offering Wage Increases that are Less than the Cost of Living?

The Consumer Price Index for all urban consumers for the San Francisco Region (CPI-U) for the most recent 12 months (October 2016-October 2017) is 2.68% (<https://www.bls.gov/cpi/data>). Importantly, this rate includes the cost of medical inflation. The City of Oakland fully pays employees' medical, dental, and vision benefits; thus the City absorbs that portion of the increase in CPI for its employees. In addition, the City has offered 3-4% annual wage increases, consistent with recent contract settlements in other public agencies in the Bay Area.

How long have the bargaining talks been going on?

For the past seven months, the City of Oakland has engaged in good faith negotiations with its labor unions:

- Service Employees International Union (SEIU, Local 1021)
- International Federation of Professional and Technical Engineers (IFPTE, Local 21)
- International Brotherhood of Electrical Workers (IBEW, Local 1245)
- International Association of Firefighters (IAFF, Local 55—since September 2017)
- Confidential Management Employees Association (CMEA)

The City has met with its unions several days a week since May 2017, providing approximately 12,000 hours of City-paid release time for employees on union

bargaining teams, at a cost to the City of approximately \$767,334; this does not include the cost of time spent by the City's bargaining team.

Since the last employee strike on November 1, the City has met 14 times with labor groups in an effort to reach an agreement that is reasonable, fair, and fiscally prudent so the City can continue to deliver vital services to our community sustainably into the future and address a significant backlog of deferred maintenance and other unfunded obligations.

If Oakland's economy is strong, why are employees not sharing in that growth through higher wage increases?

Although City revenues have increased with the strong local economy, rising costs, particularly for pension and employee health care, continue to outpace revenue growth. Pension costs in particular are increasing rapidly:

- In FY 2018-19, pension costs will go up by more than 12%, an increase of nearly \$15 million that the City will fully absorb.
- Over the next 5-year forecast, pension rates alone are forecast to increase about 10.5% per year, increasing from \$137 million on FY 2018-19 to more than \$204 million in FY 2022-23, a 49.2% cumulative increase.
- These increases assume a market return of 7.5% per year. If returns are less due to a recession in the next five years, these increases will be even greater.
- Most recent actuarial studies show that the City's defined benefit pension and retiree medical plans have just 47% of the assets needed to cover liabilities, meaning that the City has less than half of what is needed to meet its current obligations.

The City projects total unfunded liability for the City's defined benefit retirement plans at about \$2.8 billion; for context, the City's total budget for FY 2017-18 is about \$1.4 billion.

Generating the financial capacity to fund these future pension rate increases will be extremely challenging for the City of Oakland and poses an acute risk to service levels in the near term.