

**AGENDA REPORT**

**Resolution and Ordinance:** Adoption of a Resolution to Approve the Terms and Conditions of Employment and Certain Benefits as Set Forth in the Memorandum of Understanding between the Port of Oakland and International Brotherhood of Electrical Workers, Local 1245 for the period January 1, 2018 through June 30, 2022 (“successor MOU”) and Enactment of An Ordinance to Amend Port Ordinance No. 867 to Set the Salaries and Certain Benefits as set forth in the successor MOU. **(Finance & Admin.)**

**MEETING DATE:** 7/12/2018

**AMOUNT:** approximately \$2.7 million (FY 2018-22)  
Operating Expense

**PARTIES INVOLVED:** International Brotherhood of Electrical Workers, Local 1245

**SUBMITTED BY:** Sara Lee, Chief Financial Officer

**APPROVED BY:** J. Christopher Lytle, Executive Director

**ACTION TYPE:** Ordinance & Resoultion

**EXECUTIVE SUMMARY**

Port staff requests that the Board of Port Commissioners (“Board”) (i) adopt a resolution to approve the terms and conditions of employment and certain benefits as set forth in the successor MOU and (ii) enact an ordinance to amend Port Ordinance No. 867 to modify the salary schedules applicable to Port employees represented by International Brotherhood of Electrical Workers, Local 1245 (“IBEW”) to incorporate the new salary levels and to provide for the professional development benefits and the one-time, non-PERSable lump sum payments that are contained in the successor MOU. The IBEW Local 1245 membership ratified the successor MOU on June 20, 2018.

**BACKGROUND**

Representatives of the Port and IBEW Local 1245 started negotiations for a successor MOU on November 15, 2017; at that time, the then current MOU, a thirty (30) month MOU, was due to expire on December 31, 2017. The parties exchanged bargaining proposals and met and conferred on those proposals. These bargaining sessions culminated in a “Tentative Agreement” between the Port and IBEW Local 1245 dated May 31, 2018. IBEW Local 1245 members ratified the Tentative Agreement on June 20, 2018.

**ANALYSIS**

The Tentative Agreement provides for a fifty-four (54) month successor MOU term effective January 1, 2018 through June 30, 2022 with the following salary increases: a retroactive salary increase of four percent (4%) effective the first day of the pay period containing January 1, 2018, a four percent (4%) salary increase effective the first day of the pay period containing January 1, 2019, a three percent (3%) salary increase effective the first day of the pay period containing January 1, 2020, and a three percent (3%) salary increase effective the first day of the pay period containing January 1, 2021. The terms of the successor MOU will expire on June 30, 2022. A copy of the successor MOU with the redlined changes is attached.

The Tentative Agreement also provides for Professional Development with an annual allowance of \$1,100 effective January 1st for each year of the contract, the same as under the expiring MOU. In addition, the Port will make a onetime only, non-base building payment of \$1,500 to each bargaining unit member who is employed by the Port during the pay period that includes the date of ratification of the successor Agreement.

The Tentative Agreement provides the Port with operational enhancements, MOU language clarifications and an agreement to meet and discuss exploring methods and solutions to mitigate the effects of rising pension costs. Changes to other terms and conditions of employment that were mutually agreed upon by the Port and IBEW as part of the Tentative Agreement are detailed in the attached redlined successor MOU.

In order for the Board to implement the salary increases, the professional development terms, and the one-time, non-base building lump sum payments of the successor MOU, the Board, by Ordinance, must specifically amend Port Ordinance No. 867. The second reading for this Ordinance amendment is scheduled for the Board's July 26, 2018 meeting.

Furthermore, for the Port to implement the terms and conditions of employment as set forth in the successor MOU, the Board, by Resolution, must ratify and approve such terms and conditions as well as authorize the Executive Director to execute the successor MOU on behalf of the Board provided it is approved as to form and legality by the Port Attorney.

**BUDGET & STAFFING**

The salary increases are anticipated to cost the Port in comparison to current salary schedules and also taking into account the increase in benefit costs that are a function of salary (most notably pension benefits) approximately \$120,000, \$355,000, \$570,000, \$770,000, and \$870,000 in FY 2018, FY 2019, FY 2020, FY 2021 and FY 2022, respectively. The revised salary schedules will be included in future Port operating budgets. In addition, the one-time, non-base building lump sum payment for members employed with the Port at time of ratification, amounts to approximately \$49,500; this one-time payment was not included in the FY 2018 budget.

**MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)**

The matters contained in this Agenda Report do not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply.

**STRATEGIC PLAN**

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Business Plan (2018-2022).

<https://www.portofoakland.com/wp-content/uploads/Port-of-Oakland-Strategic-Plan.pdf>

- Goal: Pursue Employee Excellence.

**LIVING WAGE**

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), do not apply because the requested action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage Regulations.

**SUSTAINABILITY**

Port staff have reviewed the Port's 2000 Sustainability Policy and did not complete the Sustainability Opportunities Assessment Form. There are no sustainability opportunities related to this proposed action because it does not involve a development project, operations, or purchasing of equipment that presents sustainability opportunities.

**ENVIRONMENTAL**

The approval of the successor MOU and amendment of Port Ordinance 867 to incorporate the new salary levels, professional development benefits, and one-time, non-base building lump sum payments for IBEW-represented Port employees as contained in the successor MOU was reviewed in conjunction with the requirements of the California Environmental Quality Act (CEQA). The requested Board actions are not projects pursuant to CEQA Guidelines, Sections 15060(c)(3) and 15378(b)(2). No further environmental review is required.

**GENERAL PLAN**

This action does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; therefore, a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

**OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)**

The Owner Controlled Insurance Program (OCIP) does not apply to the matters addressed by this Agenda Report as they are not capital improvement construction projects.

**RECOMMENDATION**

Port staff recommends that the Board ratify and approve the Port of Oakland/ International Brotherhood of Electrical Workers Local 1245 Memorandum of Understanding for the period January 1, 2018 through June 30, 2022 ("successor MOU") as described in this Agenda Report by adopting a Resolution ratifying the terms and conditions of employment and certain benefits as set forth in the successor MOU, by enacting the Ordinance necessary to amend Port Ordinance No. 867 to implement the salary increases, the professional development benefits, and the one-time, non-base building lump sum payments for IBEW Local 1245 represented employees, and by authorizing the Executive Director to execute the successor MOU on behalf of the Board provided it is approved as to form and legality by the Port Attorney.

Attachment: Port of Oakland/ International Brotherhood of Electrical Workers Local 1245 Memorandum of Understanding for the period January 1, 2018 through June 30, 2022 ("redlined successor MOU")