

## **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 the International Federation of Professional and Technical Engineers, Local 21 ("IFPTE Local 21") 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 for Port employees represented by IFPTE Local 21; and, Enactment of an Ordinance to Amend Port Ordinance No. 867 to Set the Salaries and Certain Benefits for Non-Represented Employees in Employee Representation Unit M. **(Finance & Admin.)**

**MEETING DATE:** 9/13/2018

**AMOUNT:** approximately \$12.8 million (FY 2018-22)  
Operating Expense

**PARTIES INVOLVED:** International Federation of Professional and Technical Engineers, Local 21  
Non-Represented Employees in Employee Representation Unit M

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

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

**ACTION TYPE:** Ordinance & Resolution

### **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 IFPTE Local 21 successor MOU; and, (ii) enact an ordinance to amend Port Ordinance No. 867 to modify the salary schedules applicable to Port employees represented by IFPTE Local 21 and to non-represented employees in Employee Representation Unit M to incorporate the new salary levels and to provide for the professional development benefits and the one-time, non-PERSable lump sum payments. The IFPTE Local 21 membership ratified the successor MOU on August 1, 2018.

### **BACKGROUND**

Representatives of the Port and IFPTE Local 21 started negotiations for a successor MOU on December 19, 2017; IFPTE Local 21 represents Port employees in Employee

Representation Units I, J, K, and L. The parties exchanged bargaining proposals and met and conferred on those proposals. These bargaining sessions culminated in a "Tentative Agreement" between the Port and IFPTE Local 21 dated July 24, 2018. IFPTE Local 21 members ratified the Tentative Agreement on August 1, 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 July 1st for each year of the contract, the same as under the expiring MOU. In addition, the Port will make a one-time only, non-base building payment of \$1,500 and provide two (2) days of "use it or lose it", non-cashable, non-accruable leave during the 2018 and 2019 calendar years and one (1) day of "use it or lose it", non-cashable, non-accruable leave during the 2020, 2021 and 2022 calendar years for a total of seven (7) days (beginning January 1, 2018, ending June 30, 2022) 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. In exchange for this payment/leave, IFPTE Local 21 agrees to delete all references with respect to the payment of Port Performance Premium throughout the successor Memorandum of Understanding, including (but not limited to) the term "Port Performance Premium" in Article H.1 and in any other articles where the term "Port Performance Premium" may appear, and to delete Article H.1.2.3 in its entirety. IFPTE Local 21 also agrees to withdraw, with prejudice, any and all grievances filed with regards to the issue of Port Performance Premium, including the grievances dated November 16, 2017 and July 3, 2018, and it agrees to not file any new or additional grievances related to this matter.

The Tentative Agreement provides the Port with a fifty-four (54) month agreement that will provide labor cost certainty, clarifications and modifications to MOU language, 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 IFPTE Local 21 as part of the Tentative Agreement are detailed in the attached redlined successor MOU.

Separately, it is also recommended that the salary levels, professional development benefits, and the one-time only, non-base building payment of \$1,500 and two (2) days of "use it or lose it", non-cashable, non-accruable leave during the 2018 and 2019 calendar years and one (1) day of "use it or lose it", non-cashable, non-accruable leave during the

2020, 2021 and 2022 calendar years for a total of seven (7) days (beginning January 1, 2018, ending on June 30, 2022) apply to the non-represented employees in Unit M (comprised of one Deputy Attorney IV and the Human Resources Manager), consistent with the terms as specified above, as they are not subject to the bargaining process. Additionally, it is recommended that the terms and conditions of the IFPTE Local 21 MOU "Side Letter Agreement Unit J" apply to the Deputy Port Attorney IV assigned to Unit M for the purposes of fair and equitable treatment of all Deputy Port Attorneys employed by the Port Attorney.

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 for IFPTE Local 21 represented employees in Employee Representation Units I, J, K, and L and for those non-represented employees in Employee Representation Unit M, the Board, by Ordinance, must specifically amend Port Ordinance No. 867. The second reading for this Ordinance amendment is scheduled for the Board's September 27, 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 referenced in this Agenda Report will cost the Port approximately \$0.54 million, \$1.65 million, \$2.67 million, \$3.6 million, and \$4.07 million in FY 2018, FY 2019, FY 2020, FY 2021 and FY 2022, respectively, in comparison to current salary schedules. These increases take into account the anticipated increase in benefit costs that are a function of salary (most notably pension benefits). The revised salary schedules will be included in future Port operating budgets. In addition, the one-time, non-base building lump sum payment for IFPTE Local 21 members employed with the Port at time of ratification as well as for non-represented employees in Unit M, amounts to approximately \$234,000.

### **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 IFPTE-represented Port employees as contained in the successor MOU, and non-represented employees in Unit M, 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 enact 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 IFPTE Local 21 represented employees; that it ratify and approve the Port of Oakland/International Federation of Professional and Technical Engineers, Local 21 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 and that it authorize the Executive Director to

**BOARD MTG. DATE: 9/13/18**

execute the IFPTE Local 21 successor MOU on behalf of the Board provided it is approved as to form and legality by the Port Attorney; that it enact 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 non-represented employees in Employee Representation Unit M; and that the terms and conditions of the IFPTE Local 21 MOU "Side Letter Agreement Unit J" apply to the Deputy Port Attorney IV assigned to Employee Representation Unit M,.

Attachment: Port of Oakland/ International Federation of Professional and Technical Engineers, Local 21 Memorandum of Understanding for the period January 1, 2018 through June 30, 2022 ("redlined successor MOU")