

REPORT

To the Honorable Mayor and City Council
From the City Manager

April 27, 2009

SUBJECT

Approval of Side Letter of Agreements between the City, bargaining units that represent City employees and the Executive Group.

RECOMMENDATION

By motion authorize the City Manager and Human Resources Director to execute the Side Letter of Agreements allowing for a one-year salary freeze for all bargaining units and the executive group and extending existing Memoranda of Understanding (MOU) for one year with all the City's bargaining units except for the International Associations of Fire Firefighters (IAFF).

BACKGROUND

The City has five bargaining units that represent employees in all departments of the City. Additionally, the City has an Executive Group Salary and Benefit plan that provides for salary increases and benefits for members of the department head team and division level managers. Over the course of the last two months, these groups have been meeting with City officials to examine the City's current financial deficit and identify short and long term approaches in balancing the City's budget. These meetings have generated a lot of cooperation and a strong desire to help the City reconcile the structural gap projected over the next several fiscal years.

Although many of the City's labor groups have current contracts that provide for salary increases in the next fiscal year and other groups would be negotiating new contracts for increases in the next year, the City's five labor groups have all agreed to a one-year salary freeze. This means that no general wage increase will be granted to the City's labor groups and the current salary ranges for represented classifications will not be adjusted in Fiscal Year 2009/10. It was projected that in the next fiscal year units would receive salary increases in the range of 2% - 4% depending on the survey market. The agreement to suspend salary increase is projected to save the City \$2.9 million dollars over the course of the next two fiscal years. In exchange for the salary freeze, the City will develop a retirement incentive plan for eligible employees in classifications scheduled for staff reductions. The goal of the incentive plan will be to facilitate voluntary separations so involuntary layoffs will be mitigated. Staff will be working with labor on details and costs of the plan and present that to Council at a later date.

In addition to the salary freeze, all groups were given the option to extend their contracts or retain the current expiration dates of their contracts. With the exception of IAFF, all the labor groups expressed a desire to have their contracts extended for one year. IAFF's contract is scheduled to expire at the end of this calendar year and they would like to retain their right to negotiate in good faith with the City at that time.

The labor groups will continue to meet with the City at least once quarterly to be updated on the City's finances and to explore additional opportunities to work together to balance the City's budget over the long term. To staff's knowledge, Redwood City

may be the first City to get a salary freeze agreement from all their bargaining units in the next fiscal year.

ALTERNATIVES

Council could direct staff to renegotiate specific terms of the salary freeze.
Council could direct staff to negotiate an entirely new side letter of agreement.
Both of these alternatives would require staff to schedule a closed session with the City Council to get specific direction on a revised or new side letter and to meet and confer with each bargaining unit to secure a new agreement.

FISCAL IMPACT

The total general fund savings in FY 09-10 is projected to be \$1.7 million. Due to the various effective dates of the projected salary increases throughout the fiscal year, there is an anticipated general fund savings of an additional \$2.1 million in FY 10-11.



Robert Bell
Human Resources Director



Peter Ingram
City Manager

ATTACHMENTS

1. Side letters of agreement with each of the City's bargaining units and the executive group.

RELATED DOCUMENTS IN CITY CLERK'S OFFICE

None

REDWOOD CITY

BUILDING A GREAT COMMUNITY TOGETHER

April 15, 2009

Dear Redwood City Executive Management Group,

EXCELLENCE

This will confirm our understanding of the recent agreement reached with Executive Group with respect to a general freeze on the Salary Plan as set forth in section II of the Executive Management summary of benefits. There will be no salary range increase from July 1, 2009 through June 30, 2010 and no member of the executive group will receive a general wage increase during this period.

INTEGRITY

If the above is consistent with your understanding, please execute below this Side Letter Agreement.

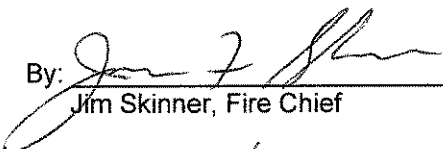
SERVICE

Acknowledged, Agreed and Accepted:

Redwood City Executive Management Group

City of Redwood City

CREATIVITY

By: 
Jim Skinner, Fire Chief

By: _____
Peter Ingram, City Manager

Dated: 4/20/09

Dated: _____

REDWOOD CITY

BUILDING A GREAT COMMUNITY TOGETHER

April 15, 2009

Dear International Association of Fire Fighters (IAFF),

This will confirm our understanding of the recent agreement reached with IAFF with respect to a general freeze on the Salary Plan as set forth in section 7.2 of the IAFF Memorandum of Understanding (MOU). As I am sure you are aware, to become effective, this agreement must be approved by the City Council in public session.

EXCELLENCE

On March 25, 2009, I had the opportunity to speak with the collective representatives of all of the bargaining units representing employees of the City of Redwood City. At that time, I shared the City's current financial difficulties and management's plan to address them. As I made clear at that time, the City was not asking any or all of the bargaining units to re-open their respective contracts. The City fully acknowledges each of those agreements to be final and binding on the parties. However, after our discussion and recognizing the current financial difficulties facing the City, the bargaining unit representatives each agreed to place before their membership the question of whether a majority of the membership would agree to a general freeze on their respective Salary Plans.

INTEGRITY

SERVICE

On or about April 10, 2009, you advised me that a majority of the IAFF membership had agreed to a general freeze on their Salary Plan to be effective January 01, 2010 and continuing up to December 31, 2010. As soon as reasonably possible, this Side Letter Agreement between the City of Redwood City and IAFF will be placed on an agenda of the City Council.

CREATIVITY

If the above is consistent with your understanding, please execute below this Side Letter Agreement.

Acknowledged, Agreed and Accepted:

International Association of Fire Fighters

City of Redwood City

By: Adrian Anderson
Adrian Anderson, IAFF

By: _____
Robert Bell, HR Director

Dated: 4/20/09

Dated: _____

REDWOOD CITY

BUILDING A GREAT COMMUNITY TOGETHER

April 15, 2009

Dear Redwood City Police Officers Association (POA),

This will confirm our understanding of the recent agreement reached with POA with respect to a general freeze on the Salary Plan as set forth in section 7.1.1 and 7.1.4 of the POA Memorandum of Understanding (MOU) and extending the term of the current MOU to August 31, 2012. As I am sure you are aware, to become effective, this agreement must be approved by the City Council in public session.

EXCELLENCE

On March 25, 2009, I had the opportunity to speak with the collective representatives of all of the bargaining units representing employees of the City of Redwood City. At that time, I shared the City's current financial difficulties and management's plan to address them. As I made clear at that time, the City was not asking any or all of the bargaining units to re-open their respective contracts. The City fully acknowledges each of those agreements to be final and binding on the parties. However, after our discussion and recognizing the current financial difficulties facing the City, the bargaining unit representatives each agreed to place before their membership the question of whether a majority of the membership would agree to a general freeze on their respective Salary Plans.

INTEGRITY

SERVICE

On or about April 10, 2009, you advised me that a majority of the POA membership had agreed to a general freeze on their Salary Plan to be effective September 01, 2009 and continuing up to August 31, 2010; however, the membership also desired to have the ending date of the existing MOU extended to August 31, 2012 with all other terms and conditions set forth in the MOU remaining in effect until such date. Having now met with the City Council of the City of Redwood City, I now confirm that the City is amenable to such an accord. As soon as reasonably possible, this Side Letter Agreement between the City of Redwood City and POA will be placed on an agenda of the City Council.

CREATIVITY

If the above is consistent with your understanding, please execute below this Side Letter Agreement.

Acknowledged, Agreed and Accepted:

Police Officers Association

City of Redwood City

By: 
Greg Farley, POA

By: _____
Robert Bell, HR Director

Dated: 4-21-09

Dated: _____

REDWOOD CITY

BUILDING A GREAT COMMUNITY TOGETHER

April 15, 2009

Dear Redwood City Police Sergeants Association (PSA),

This will confirm our understanding of the recent agreement reached with PSA with respect to a general freeze on the Salary Plan as set forth in section 7.2.2 of the PSA Memorandum of Understanding (MOU) and extending the term of the current MOU to August 31, 2011. As I am sure you are aware, to become effective, this agreement must be approved by the City Council in public session.

EXCELLENCE

On March 25, 2009, I had the opportunity to speak with the collective representatives of all of the bargaining units representing employees of the City of Redwood City. At that time, I shared the City's current financial difficulties and management's plan to address them. As I made clear at that time, the City was not asking any or all of the bargaining units to re-open their respective contracts. The City fully acknowledges each of those agreements to be final and binding on the parties. However, after our discussion and recognizing the current financial difficulties facing the City, the bargaining unit representatives each agreed to place before their membership the question of whether a majority of the membership would agree to a general freeze on their respective Salary Plans.

INTEGRITY

SERVICE

On or about April 10, 2009, you advised me that a majority of the PSA membership had agreed to a general freeze on their Salary Plan to be effective September 01, 2009 and continuing up to August 31, 2010; however, the membership also desired to have the ending date of the existing MOU extended to August 31, 2011 with all other terms and conditions set forth in the MOU remaining in effect until such date. Having now met with the City Council of the City of Redwood City, I now confirm that the City is amenable to such an accord. As soon as reasonably possible, this Side Letter Agreement between the City of Redwood City and PSA will be placed on an agenda of the City Council.

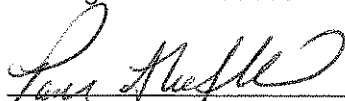
CREATIVITY

If the above is consistent with your understanding, please execute below this Side Letter Agreement.

Acknowledged, Agreed and Accepted:

Police Sergeants Association

City of Redwood City

By: 
Paul Sheffield, PSA

By: _____
Robert Bell, HR Director

Dated: 4/16/09

Dated: _____

REDWOOD CITY

BUILDING A GREAT COMMUNITY TOGETHER

April 15, 2009

Dear Redwood City Management Employee Association (RCMEA),

This will confirm our understanding of the recent agreement reached with RCMEA with respect to a general freeze on the Salary Plan as set forth in section 16.2.1 and 16.2.2 of the RCMEA Memorandum of Understanding (MOU) and extending the term of the current MOU to September 30, 2010. As I am sure you are aware, to become effective, this agreement must be approved by the City Council in public session.

EXCELLENCE

On March 25, 2009, I had the opportunity to speak with the collective representatives of all of the bargaining units representing employees of the City of Redwood City. At that time, I shared the City's current financial difficulties and management's plan to address them. As I made clear at that time, the City was not asking any or all of the bargaining units to re-open their respective contracts. The City fully acknowledges each of those agreements to be final and binding on the parties. However, after our discussion and recognizing the current financial difficulties facing the City, the bargaining unit representatives each agreed to place before their membership the question of whether a majority of the membership would agree to a general freeze on their respective Salary Plans.

INTEGRITY

SERVICE

On or about April 10, 2009, you advised me that a majority of the RCMEA membership had agreed to a general freeze on their Salary Plan to be effective October 1, 2009 and continuing up to September 30, 2010; however, the membership also desired to have the ending date of the existing MOU extended to September 30, 2010 with all other terms and conditions set forth in the MOU remaining in effect until such date. Having now met with the City Council of the City of Redwood City, I now confirm that the City is amenable to such an accord. As soon as reasonably possible, this Side Letter Agreement between the City of Redwood City and RCMEA will be placed on an agenda of the City Council.

CREATIVITY

If the above is consistent with your understanding, please execute below this Side Letter Agreement.

Acknowledged, Agreed and Accepted:

Redwood City Management Employee Association

City of Redwood City

By: *Elizabeth Meeks*
Elizabeth Meeks, RCMEA

By: _____
Robert Bell, HR Director

Dated: *April 17, 2009*

Dated: _____

REDWOOD CITY

BUILDING A GREAT COMMUNITY TOGETHER

April 15, 2009

Dear Service Employees International Union (SEIU),

This will confirm our understanding of the recent agreement reached with SEIU with respect to a general freeze on the Salary Plan as set forth in section 15.1.1 and 15.1.2 of the SEIU Memorandum of Understanding (MOU) and extending the term of the current MOU to January 31, 2011. As I am sure you are aware, to become effective, this agreement must be approved by the City Council in public session.

EXCELLENCE

On March 25, 2009, I had the opportunity to speak with the collective representatives of all of the bargaining units representing employees of the City of Redwood City. At that time, I shared the City's current financial difficulties and management's plan to address them. As I made clear at that time, the City was not asking any or all of the bargaining units to re-open their respective contracts. The City fully acknowledges each of those agreements to be final and binding on the parties. However, after our discussion and recognizing the current financial difficulties facing the City, the bargaining unit representatives each agreed to place before their membership the question of whether a majority of the membership would agree to a general freeze on their respective Salary Plans.

INTEGRITY

SERVICE

On or about April 10, 2009, you advised me that a majority of the SEIU membership had expressed agreement to a general freeze on their Salary Plan to be effective February 1, 2010 and continuing up to January 31, 2011; however, the membership also desired to have the ending date of the existing MOU extended to January 31, 2011 with all other terms and conditions set forth in the MOU remaining in effect until such date. Having now met with the City Council of the City of Redwood City, I now confirm that City is amenable to such an accord. Please confirm approval of this side letter of agreement no later than April 20, 2009 or as soon as reasonably possible, this Side Letter Agreement between the City of Redwood City and SEIU will be placed on an agenda of the City Council.

CREATIVITY

If the above is consistent with your understanding, please execute below this Side Letter Agreement.

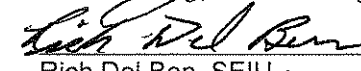
Acknowledged, Agreed and Accepted:

Service Employees International Union

City of Redwood City

By: 
Adolfo Riedel, Worksite Organizer

By: _____
Robert Bell, HR Director


Rich Dei Ben, SEIU


Molly Spore-Ahmed, SEIU

Dated: _____

Dated: 4/21/09