

**MEMORANDUM**

**OFFICE OF THE CITY MANAGER  
CITY OF SAN PABLO  
13831 San Pablo Avenue  
San Pablo, CA 94806**

**TO: MAYOR & CITY COUNCILMEMBERS**  
**FROM: Matt Rodriguez, City Manager**  
**DATE: July 28, 2011**  
**SUBJECT: SUMMARY OF FY 2011-12 SUCCESSFUL LABOR PARTNERSHIPS**

**FOR YOUR INFORMATION**

Listed below is a summary of the City's successful completion of labor negotiations with representative and unrepresentative employee labor groups which was effectively achieved to produce the essential cost reductions and net cost savings needed to adopt the FY 2011-13 Two-Year Biennial Operating Budget, effective July 1, 2011.

This is public information and is contained in the adopted budget document and Memoranda of Understanding (MOUs) adopted by the City and employee labor groups with all information available and posted in available documents on the City's website at: [www.SanPabloCA.gov](http://www.SanPabloCA.gov)

**FY 2011-12 SUMMARY OF COLLECTIVE BARGAINING SAVINGS:**

**CalPERS Employee Pension Contributions      Total Savings:      \$265,840**

Miscellaneous (Non-Safety) employees and Safety employees will be paying the total employee share of 7% (Non-Safety) and (9% Safety) over the next 3 year period. This resulted in a 2.33% and 3% increase respectively in employees' contributions toward CalPERS pension obligations than the previous years' MOUs.

**Health Care Expenses      Total Savings:      \$110,852**

Due to rising health care costs, all employees City-wide are paying more toward health care cost increases (premiums), effective January 1, 2012, and each January 1 thereafter, over the next three year period. This resulted in significant savings for health care expenses than the previous MOU contract. These savings from employee contributions is 8% of what we would have had to absorb with no cost sharing in previous years.

**Cost of Living Adjustment (COLA) Offset                      Total Cost:                      (\$306,261)**

All Miscellaneous employees received a 2% COLA adjustment (\$88,747) and Safety employees received a 3% COLA adjustment (\$217,514) each year over the next 3 year period, effective July 1, 2011 through June 30, 2014. This was provided to all employees as a cost offset to mitigate the impacts of increased employees' share toward CalPERS pension obligations and health care expenses over the next three year period.

**Additional Labor Cost Savings                                      Total Savings:                      \$182,339**

Both representative and unrepresentative employees were able to concede *in partnership* to assist with the "sharing the heartburn" to generate additional cost savings for the FY 2011-13 Biennial Operating Budget and consist of the following items:

- Educational Incentive Program (Local One Only)                      (\$5,250)
  - Elimination of (1) FH & Columbus Holiday (Safety Only)                      \$50,000
  - Reduction in Clothing Allowance (Safety Only)                      \$8,400
  - Reduction in Multi-lingual Pay                      \$29,303
  - SDI/Medicare/Liability Insurance Adjustments                      (\$8,784)
  - Vacation Buyback Elimination                      \$37,693
  - Workers Compensation Premium Refund                      \$70,977
- Sub-Total:                      \$182,339

**CONCLUSION:**

In summary, total cost adjustments and MOU related net combined savings combined resulted in successful collective bargaining efforts between the employee labor groups and the City which produced a net savings of \$252,770 to the City's FY 2011-13 Biennial Operating Budget, as follows:

<b>PERS Employee Pension Contributions</b>	<b>Total Savings:</b>	<b>\$265,840</b>
<b>Cost of Living Adjustment (COLA) Offset</b>	<b>Total Costs:</b>	<b>(\$306,261)</b>
<b>Health Care Expenses</b>	<b>Total Savings:</b>	<b>\$110,852</b>
<b>Additional Labor Cost Savings</b>	<b>Total Savings:</b>	<b>\$182,339</b>

**TOTAL FY 2011-12 COLLECTIVE BARGAINING NET SAVINGS:                      \$252,770**

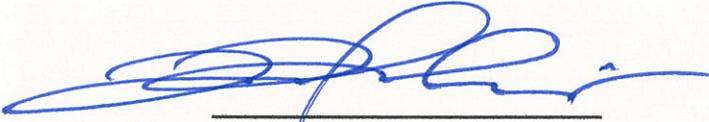
Labor concessions achieved from employee bargaining groups, with the leadership from their representatives, has been instrumental in putting the final pieces of the City's FY 2011-13 Biennial Operating Budget together for its adoption. Additionally, the potential for FTE layoffs was eliminated as a budget balancing measure from City Manager consideration due to our successful labor partnerships to generate the necessary cost savings for the General Fund to assist in elimination of the projected budget deficit of (\$346,992) which was forecasted for July 1, 2011.

**Overall, labor cost savings resulted in eliminating 73% of this projected budget deficit shortfall for the City, and paves the way for annual long-term cost savings over a three-year operating period vs. the need for implementing "painful" downsizing with FTE layoffs, and more painful cost reductions in the future.**

Without the support of employee labor partnerships, the City would have had to make more drastic "draconian" cuts and would have a diminished City service delivery to the community.

I am very thankful for the efforts of both our City Management Team members and Employee Labor Group Leadership representatives in working together to achieve a successful labor partnership to ensure fiscal responsibility and long-term financial stability for the City of San Pablo.

**As submitted:**



**R. Matt Rodriguez**  
City Manager

Date: 7-28-11