

MINUTES OF THE SPECIAL CITY COUNCIL MEETING
TUESDAY- -APRIL 29, 2015- -7:00 P.M.

Mayor Spencer convened the meeting at 5:00 p.m. and led the Pledge of Allegiance.

ROLL CALL - Present: Councilmembers Daysog, Ezzy Ashcraft, Matarrese, Oddie and Mayor Spencer – 5.

Absent: None.

REGULAR AGENDA ITEMS

(15-276) Presentations from Avery and Associates and Bob Murray and Associates to Discuss Their Qualifications and Process for the Recruitment of a City Manager for the City of Alameda.

Discussed recruitment and compensation; suggested considering the Assistant City Manager Liz Warmerdam: Ken Peterson, Alameda.

ORAL COMMUNICATIONS, NON-AGENDA

(15-277) Kurt Peterson, Alameda, discussed transparency and suggested going above the requirements of the Sunshine Ordinance.

REGULAR AGENDA ITEMS (continued)

Presentations from Avery and Associates and Bob Murray and Associates to Discuss Their Qualifications and Process for the Recruitment of a City Manager for the City of Alameda.

Paul Kimura, Avery and Associations, gave a brief presentation and responded to Council questions.

Bob Murray, Bob Murray and Associates, gave a brief presentation and responded to Council questions.

Mayor Spencer called a recess at 5:57 p.m. and reconvened at 6:11 p.m.

(15-278) Resolution No. 15027, “Approving a Memorandum of Understanding (MOU) between the Alameda Police Officers Association (APOA) and the City of Alameda for the Period Beginning November 1, 2015 through December 18, 2021.” Adopted.

Mayor Spencer noted the four MOUs [paragraph nos. 15-281 through 15-283] would be addressed together.

The City Manager gave a Power Point presentation.

In response to Mayor Spencer's inquiry, the City Manager stated the trust would be exhausted in 2034.

Mayor Spencer inquired what would happen after the trust is exhausted, to which the City Manager responded it would be the same as what is done today; stated the City's resources would be used to make the payments.

Councilmember Daysog stated pay go would start again in 2035; the proposal would be a pushing out and would buy time; inquired whether the unstated piece is that the City would have to have the same number of employees.

The City Manager responded in the affirmative; stated the figures are premised on the current work force; the figures would change if the workforce is expanded; that he would not suggest expanding staff.

Councilmember Daysog stated \$47 million is not an actual dollar savings; inquired whether the amount the City would not be paying in pay go would be a reduction in expense.

The City Manager responded the City is obligated to provide the benefit; stated if the City does not act, a payment still has to be made; the payment would be smaller under the trust; that he considers a reduction in expenditure a savings.

Vice Mayor Matarrese requested the City Attorney statement be read into the record and requested an explanation of running the contributions outside of payroll.

The City Attorney read the statement.

The Assistant City Manager stated running the contributions outside of payroll is not what the City bargained for and she is not sure how it would be done; that she is not sure how a raise could not be run through payroll and it might not be legal; the answer is the City would not be able to run the contributions outside of payroll.

In response to Mayor Spencer's inquiry about the budget percentages for the Recreation and Parks Department and public safety over the years, the Assistant City Manager stated the Recreation and Parks Department budget would be presented on May 12th and the information would be provided then.

The City Manager stated over the years, cities have started charging fees for services in some departments, such as Development Services and Public Works; public safety remains under and takes the loin share of the General Fund for cities in California.

Councilmember Ezzy Ashcraft stated cities are going to have to look to the State for

some assistance that cities alone cannot solve; noted the City's State Assembly representative is present and hearing the comments.

Councilmember Daysog stated the Council will discuss the possibility of raising the Utility Users Tax (UUT); inquired whether the increase would count toward the Balanced Revenue Index (BRI).

The City Manager responded in the affirmative; stated if the Council proceeds with the UUT, the Council could authorize the City Manager to engage in a discussion with labor about the matter.

Stated the matter needs to be dealt with; that he does not believe the City can fund its way out of \$91 million; the liability needs to be negotiated; that he disagrees with proceeding with the proposal; the BRI should not include the property transfer tax; suggested putting the money directly into a trust in lieu of raises; questioned the legality and discussed the confidential memorandum: Kevin Kennedy, City Treasurer.

The City Attorney provided clarification.

The City Treasurer inquired whether the legal opinion has only been shared with the Council, City Manager and staff, to which the City Attorney responded in the affirmative.

The City Manager clarified that the City Treasurer does not normally receive confidential legal memorandums.

The City Treasurer stated that he is offering financial guidance on the largest issue facing the City.

Suggested the City Attorney have expert outside counsel review whether the funds can be put into the trust fund without being run through payroll; urged spending funds on the legal matter; stated a decision should not be made tonight; discussed the transfer tax; suggested that he and the City Treasurer be engaged during the negotiation process; inquired whether only the City Manager conducted the negotiations: Kevin Kearney, City Auditor.

The City Manager responded that he conducted the negotiations, which is his role under the Charter; stated that he was instructed to engage in the issue by unanimous vote of the City Council; the Assistant City Manager and Finance Director participated in the meetings with him; a tentative agreement was reached with labor on a Friday; he provided the information to the City Auditor and Treasurer Monday morning when he met with him, which was as soon as possible.

Urged the Council to approve the contracts; outlined the first steps taken to begin to address the issue when he was on the City Council; discussed his role in resolving the State pension for teachers; stated the contracts are a step in the right direction: Assemblymember Rob Bonta.

Read Supervisor Chan's statement urging Council to approve the MOUs: Steven Jones, representing Supervisor Wilma Chan.

Vice Mayor Matarrese requested staff to clarify whether the \$91 million liability is being reduced by \$47 million; stated his understanding is that the liability remains the same but the \$47 million is a savings against payments, which total much more; that he does not want the public to be confused.

The City Manager responded there is an impact on the \$91 million, but it is minimal.

The Assistant City Manager stated the amount is about \$5 million; further stated PERS does not contribute to the OPEB liability.

Stated the Council should be pleased to be considering this matter; outlined how public safety contributes to the City's economy; urged approval of the MOUs and continuing the discussion to reach a complete solution: Former Assemblymember Sandre Swanson, Alameda.

Commended the work of the Fiscal Sustainable Committee; stated that she applauds the effort; urged approval: Former Supervisor Alice Lai-Bitker, Alameda.

Stated that he is concerned about the rush to judgment; questions have been raised; urged Council to listen to the City Treasurer; stated the matter should be postponed; the MOUs do not have to do with the budget: Kurt Peterson, Alameda.

Stated that he supports the contracts; a tentative agreement has been reached, which has been ratified by the employees; the movement to delay the matter is wrong; outlined his experience with unions; requested the City Council keep its word: Marty Fraetes, Alameda.

Stated the members of the association have agreed to the contract which is a first step in the right direction: Alan Kuboyama, Alameda Police Officers Association.

Stated contracts should be approved when both sides have negotiated in good faith; urged a yes vote: Honora Murphy, Alameda.

Provided examples of pay increases being given to teachers and school districts not going bankrupt; stated tax dollars should be spent for services; the employees have stepped up and given concessions to reach a collaborative solution; urged Council to vote yes: Gray Harris and Patty Osbourne, Alameda.

Mayor Spencer requested clarification on the fund balance amount, to which the Assistant City Manager responded \$31 million, which is 38%.

Urged approval of the MOUs; stated the deal was negotiated in good faith; the Fire

Fighters are partners; negotiations have been done the right way; urged acting tonight: Jeff Del Bono, International Association of Fire Fighters.

Provided examples Fire and Police responses to his family's emergencies; urged approval of the contracts, which is an opportunity for Alameda to become a role model in the area: Zac Goldstein, Alameda.

Stated Police and Fire Department efforts make the City safe; urged approval of the contracts: Zhaldee Sadie, Alameda.

Stated the City's negotiators have reached a ground breaking agreement; urged approval: Andy Slivka, Alameda resident and Carpenters Union.

Urged approval of the contracts; stated the contracts are the first step to control the unfunded liability: Mike Williams, Alameda.

Expressed support for public safety; applauded the efforts of the City and union to work out a compromise; stated an agreement has been made and should be honored; urged approval of the MOUs: Doug Bloch, Alameda.

Expressed her support for Alameda's public safety employees; stated the deal is amazing; the liability will not be solved tomorrow; gradual steps need to be taken to solve the problem: Lauren Zimmerman Cook, Alameda.

Commended public safety's respectful responses to calls; stated the employees are partners and are giving back; urged approval of the MOUs: Kathy Moehring, Alameda.

Acknowledged Police and Fire employees' efforts to build trust and a spirit of collaboration, which has allowed negotiating a solution; urged approval of the MOUs tonight: Bruce Knopf, Alameda.

Submitted his comments outlining budget concerns and comparing other cities Fire Department expenses; urged not adopting the contracts; stated time is needed to study the problem and find a solution: Paul Foreman, Alameda.

Stated as a financial advisor he addresses employee benefits; discussed cities declaring bankruptcy; urged approval, which is a first step: Michael McDonough, Alameda Chamber of Commerce.

Questioned why additional time cannot be given: Ken Peterson, Alameda.

Stated the contracts are the most strategic and sound he has seen and are worthy of approval: Bill Delaney, Alameda.

Stated the Police and Fire budgets are higher than others and are unsustainable; questioned whether the MOUs need to be approved tonight: Brian Schumacher,

Alameda.

The Assistant City Manager stated public safety represents 35% of the entire City budget, which is \$160 million.

Mayor Spencer stated a slide showed 78%.

The Assistant City Manager stated said amount is the percentage of the General Fund.

Thanked the City Attorney for addressing the legal issue; suggested more notice be provided; urged holding off on the decision: Robin Gilbert, Alameda.

Stated the MOUs are a step and are not the total solution; approving the contract will make the employees the first to start helping fund OPEB; urged approval: Kari Thompson, Alameda.

Stated the effort has been collaborative; Council is being asked to follow through with a good faith effort; the first contract was the first step and this is the next step; Council can give direction to the new City Manager to open negotiations: John Knox White, Alameda.

Stated the OPEB issue has been around for a long time; the employees are working with the City to solve it; Council directed staff to bargain in good faith; not approving the agreements would be regressive bargaining: Malia Vella, Alameda.

Stated the newspaper article title: "Trust proposed to reduce liability" explains everything; urged unanimous approval: Don Sherratt, Alameda.

Stated interest based negotiations began in 1998 to work together to reach a common goal; the MOUs are a step being taken to minimize the pain down the road; urged approval: Dom Weaver, Alameda.

Stated the details need to be reviewed; the budget is a little off; compared salaries: Ken Gutleben, Alameda.

The Assistant City Manager noted the Public Works Department budget is larger than either of the public safety budgets.

Mayor Spencer requested information on salaries, to which the Assistant City Manager responded that she does not have the information.

The City Attorney clarified the Charter roles of the City Auditor and Treasurer.

Urged delay to allow City Auditor and Treasurer review; stated the matter can return in a month: Bruce Carnes, Alameda.

Stated the contracts are a product of collective bargaining; that he was on the Fiscal Sustainability Committee which urged prefunding the OPEB liability; the Council should proceed with the contracts: Mike Henneberry, Alameda and United Food and Commercial Workers Local 5.

Stated Alameda is going in the right direction, which the MOUs continue; the terms of the MOUs are fair; discussed Police and Fire programs and calls: Doug Biggs, Alameda Point Collaborative.

Stated the question is whether the City can afford the contract; that she is not saying to vote against the contract, rather Council should wait to allow the issues to be vetted; outlined financial details; expressed concern over the drought impacting the economy; questioned where the City will get funding; questioned the legal opinion: Jane Sullwold, Alameda.

The City Manager explained the funding; stated the arbitration he was addressing was the City's attempt to unilaterally impact retiree benefits, which failed.

Stated the Council started in 2012, but the step was not a correction; discussed the City's telecommunication business; stated paying off \$91 million from a loan or bond today would cost \$5 million a year for the next 30 years; the City is still paying \$1.9 million annually for a contract from the 1970s: Former Councilmember Doug deHaan, Alameda.

Stated the City Treasurer and City Auditor have raised questions which should be addressed; suggested anyone paid over \$200,000 take a pay cut: Irene Dieter, Alameda.

Stated an agreement should not be made until Alamedans understand the budget; that she would like a better understanding before going forward; urged following the advice of the City Auditor and Treasurer: Theresa Hall, Alameda.

Stated the cart is being put before the horse; the City is entering into contracts before the budget: Margaret Hall, Alameda.

Discussed community stabilization; stated the issue is Statewide; urged approval of the MOUs and making progress one step at a time: Jon Spangler, Alameda.

Expressed support for the City Auditor and City Treasurer; stated that she would favor a lower return estimate; health insurance costs increase every year; no one will have health insurance canceled if a decision is not made tonight: Carol Gottstein, Alameda.

Mayor Spencer called a recess at 9:38 p.m. and reconvened the meeting at 9:47 p.m.

Councilmember Ezzy Ashcraft requested an explanation of pay go, to which the Assistant City Manager responded pay go has nothing to do with salaries; stated it is the amount the City pays on an annual basis for retirees.

Councilmember Daysog stated pay go does not help buy down the unfunded liability; the unfunded liability is the difference between the pay go amount and what the City really should be paying for the liability.

Mayor Spencer stated there were two votes by the City Council in closed session; the first unanimous vote was to continue with negotiations; at a subsequent meeting, there was another vote on a tentative agreement; Councilmembers Ezzy Ashcraft, Matarrese and Oddie voted to proceed, Councilmember Daysog abstained and she voted no.

Vice Mayor Matarrese stated the second vote was Council direction to negotiate on the terms.

The City Manager concurred with what was said; stated the unanimous voice was to begin formal negotiations; the 3-1-1 vote was on the general terms.

Mayor Spencer stated Council saw the actual red line proposal for the first time when it was made public.

The Assistant City Manager stated the term sheet outlined everything included in the red line.

The City Manager noted 15 day notice is 5 times longer than what is required under State law.

Councilmember Ezzy Ashcraft stated getting complete unanimity is difficult; the question is what course of action is best for the City; there is not a magic solution; public safety understands this is the beginning of the road; questioned whether the debt should be allowed to continue to grow when the City has a solution now; stated people have argued the MOUs could have gone further; public safety came to the table even though the current MOUs do not expire for two years; waiting for the contracts to expire would be rolling the dice and the City would lose the agreed upon contributions; more changes will be explored going forward; creating a hostile environment would be a loss; that she would like a task force, similar to the fiscal sustainability and OPEB, convened; letting the opportunity pass would be a shame; that she supports going forward with the MOUs.

Councilmember Daysog stated the topic is very important; that he does not see anything magical about making a decision tonight; the City could hold off for four weeks to vet issues raised by the City Auditor and Treasurer; that he would like time to look at a suggestion he has; he did not support the matter in the closed session because he wanted more information; that he has been seeking a comprehensive plan on the unfunded liability; spectacular detailed information has been provided, including the 30

year projection, which compares OPEB pay go and the trust fund; the trust fund would work starting in 2019, but would go to \$0 by 2034; the idea he has relates to the 1079 retirement account, on which the City currently spends almost \$2 million annually; the trust fund is undercapitalized and needs an additional source of revenue; the 1079 fund should be reviewed as a supplement; figures staff provided on the salary increases have calmed him down; the trust fund needs to be comprehensive, improved more and supplemented.

Vice Mayor Matarrese inquired whether staff could comment on the scenario proposed to take funds from the 1079 plan as premiums go down.

The Assistant City Manager stated the amount is not going down very much.

In response to Councilmember Ezzy Ashcraft's request, the Assistant City Manager explained the 1079 plan; stated the annual change could be researched.

Vice Mayor Matarrese stated the line item could be extended at the same amount and any difference could go into the trust; inquired whether doing so would be separate or precluded from the action tonight.

The City Manager responded the issue is separate; stated the 1079 plan is funded by the General Fund; as the figure goes down, the money becomes available and Council could decide to use it to fund the City's \$250,000 annual contribution or additional pre-funding; labor could be re-engaged about the City adding the funding and ask what they are willing to give.

Councilmember Ezzy Ashcraft inquired whether the matter should be discussed as part of the budget.

The City Manager responded the amount is not a big ticket item and is not going down enough to have an impact; stated as the amount decreases, it should not be used on additional programs, but should be used to address long term obligations.

Councilmember Daysog the amount was \$4 million in 2003 and is down to \$1.8 million now; the amount should be locked in and the difference should be used.

The City Manager noted the Council might want to use the funds for PERS smoothing.

Councilmember Daysog stated figuring it out takes time.

In response to Councilmember Oddie's inquiry, the City Manager stated nothing needs to be negotiated as long as the City is meeting its obligations to the retirees; that he is suggesting labor should be engaged if Council wants to use the funds to supplement the OPEB trust.

Councilmember Daysog stated that he does not want the idea used to open bargaining

again and ask for something else; everything is set in place; that his concern is the proposal is not comprehensive enough.

Councilmember Oddie stated on the campaign trail, there was a mandate to fix the OPEB problem; the issue is important; staff was given direction to negotiate a partial solution by a unanimous vote; staff returned with a term sheet which was approved by a 3-1-1 vote; the public safety employees ratified the tentative agreement, which is before Council for a vote; doing anything but approving the agreement is bad faith, regressive bargaining and sets a bad tone; provided an analogy of building a house; outlined past actions, employee contributions, the current proposal, and BART contract negotiations; stated the employee contributions have to be collectively bargained and cannot be imposed; that he is afraid not voting tonight would deteriorate the hard work to build a collaborative relationship; the City obtained an actuarial and legal analysis; the Council will continue to make progress and should form a labor management committee to continue talking and working on ways to solve the problem; discussed employees or the City contributing more to the trust and the buyout alternative; stated the contract needs to be passed first to set up the trust and the framework; discussed where the City would be in 2017 without the contract extension.

(15-279) Mayor Spencer stated a vote is needed to consider the budget presentations [paragraph no. 15-284]

Councilmember Oddie moved approval of proceeding with the remaining item.

The City Attorney clarified the four MOUs have already been called.

Vice Mayor Matarrese stated that he would support not proceeding with the budget presentations; inquired how to proceed administratively with not hearing the item.

Mayor Spencer stated four votes are needed to hear the item.

Councilmember Ezzy Ashcraft stated hearing the presentations so late would not be giving the departments their due; the City Clerk has been trying to figure out dates.

The City Clerk stated in order to continue the meeting to next Wednesday, May 6th, the matter would have to be continued to the specific date because there is not time to meet the 7 day notice requirement.

The dates were discussed.

Councilmember Oddie moved approval of continuing the budget presentations to May 7th.

Councilmember Ezzy Ashcraft seconded the motion, which carried by the following voice vote: Ayes: Councilmembers Daysog, Ezzy Ashcraft and Oddie – 3. Noes: Vice

Mayor Matarrese and Mayor Spencer - 2.

Councilmember Oddie moved approval of reconsidering the motion and continuing the matter to May 6th.

Mayor Spencer seconded the motion, which carried by the following voice vote: Ayes: Councilmembers Daysog, Matarrese, Oddie and Mayor Spencer – 4. Noes: Councilmember Ezzy Ashcraft – 1.

(15-280) Councilmember Oddie moved approval of continuing the meeting past 11:00 p.m.

Councilmember Ezzy Ashcraft seconded the motion, which carried by unanimous voice vote – 5. [Note: The meeting did not go past 11:00 p.m.]

Councilmember Oddie expressed concern over what would happen if the economy tanks; stated the window of opportunity is now; read a South Lake Tahoe City Manager quote from a Western City article.

Vice Mayor Matarrese stated that he agrees with the terms, otherwise, he would not have voted to have the City Manager take the terms to the bargaining table; the proposal does not solve the problem or reduce the liability more than \$5 million; the most important part of the deal is getting a 4% contribution from the employees; the concession is valuable; his biggest concern is not everyone understands the mechanism, which helps correct a structural budget defect; the liability currently exists with no mechanism to pay for it; a union representative left the door open to continue discussions, which should be included in the motion as Council direction; discussed concerns about additional time and comparison to other cities; stated the offer will expire; the City has to deal with PERS smoothing; discussed a 2007 Bartel report; stated having a permanent working group should be a required condition.

Mayor Spencer stated that she does not believe it is appropriate to enter into a long term agreement going through 2022 prior to the budget process; the budget has a structural problem; expenditures are greater than revenue; the loss increases after the proposed contracts; the community should have an opportunity to help figure out how to solve the problem long term; with or without the contracts, the five year forecast goes down to an 18% reserve; the problem is serious and has to be addressed.

Councilmember Oddie moved adoption of the resolution approving the MOU between APOA and the City of Alameda for the period beginning November 1, 2015 through December 18, 2021.

Councilmember Daysog requested an amendment to the motion; stated the City Manager's yeomen effort falls short; the trust fund is woefully undercapitalized; that he would support the motion with language transitioning the 1079 balance as a

supplement.

Councilmember Oddie stated that he would not accept the amendment; but he would accept an amendment to direct staff to create a standing committee as recommended by the Vice Mayor.

Vice Mayor Matarrese stated the committee would be a standing labor management committee.

Councilmember Oddie stated the committee would be established to investigate other possible solutions.

The Assistant City Manager stated the 1079 suggestion is one of the solutions which could be investigated.

Councilmember Ezzy Ashcraft stated that she does not see the harm in considering the matter; everything should be on the table.

Councilmember Oddie stated the committee should review the matter.

Councilmember Ezzy Ashcraft stated that she would support the amendment.

Vice Mayor Matarrese seconded the motion with the amendment [to establish a standing labor management committee], which carried by the following voice vote: Ayes: Councilmembers Ezzy Ashcraft, Matarrese and Oddie – 3. Noes: Councilmember Daysog and Mayor Spencer – 2.

(15-281) Resolution No. 15028, “Approving a Memorandum of Understanding between the Alameda Police Managers Association (APMA) and the City of Alameda for the Period Beginning November 1, 2015 through December 18, 2021.” Adopted.

See paragraph no. 15-278 for the discussion.

Councilmember Oddie moved adoption of the resolution approving the MOU between the APMA and the City for the period beginning November 1, 2015 through December 18, 2021 with giving direction to staff to form the standing labor management committee to consider other alternatives to reduce the OPEB liability.

Councilmember Ezzy Ashcraft seconded the motion, which carried by the following voice vote: Ayes: Councilmembers Ezzy Ashcraft, Matarrese and Oddie – 3. Noes: Councilmember Daysog and Mayor Spencer – 2.

(15-282) Resolution No. 15029, “Approving a Memorandum of Understanding Between the International Association of Firefighters (IAFF) and the City of Alameda for the Period of November 1, 2015 Through December 18, 2021.” Adopted.

See paragraph no. 15-278 for the discussion.

Councilmember Ezzy Ashcraft moved adoption of the resolution approving the MOUs between the IAFF and the City for the period of November 1, 2015 through December 18, 2021 with the same amendment previously offered: to direct staff to convene a standing labor movement committee.

Councilmember Oddie seconded the motion, which carried by the following voice vote: Ayes: Councilmembers Ezzy Ashcraft, Matarrese and Oddie – 3. Noes: Councilmember Daysog and Mayor Spencer – 2.

(15-283) Resolution No. 15030, “Approving a Memorandum of Understanding between the Alameda Fire Chiefs Association (AFCA) and the City of Alameda for the period of November 1, 2015 through December 18, 2021.” Adopted.

See paragraph no. 15-278 for the discussion.

Councilmember Ezzy Ashcraft moved adoption of the resolution approving a MOU between the AFCA and City for the period of November 1, 2015 through December 18, 2021 with amendment to include direction to staff to convene a standing labor management committee to continue searching for solutions to the OPEB liability.

Vice Mayor Matarrese seconded the motion, which carried by the following voice vote: Ayes: Councilmembers Ezzy Ashcraft, Matarrese and Oddie – 3. Noes: Councilmember Daysog and Mayor Spencer – 2.

(15-284) Presentations by General Fund Departments on Proposed Budget for Fiscal Years 2015-16 and 2016-17.

Continued to May 6, 2015.

CITY MANAGER COMMUNICATIONS

(15-285) The City Manager thanked Alameda for the opportunity.

COUNCIL COMMUNICATIONS

(15-286) Councilmember Oddie announced that he will be holding a town hall meeting to discuss police and public works issues on Bay Farm Island.

ADJOURNMENT

There being no further business, Mayor Spencer adjourned the meeting at 10:55 p.m.

Respectfully submitted,

Lara Weisiger
City Clerk

The agenda for this meeting was posted in accordance with the Sunshine Ordinance.