

ASSOCIATION OF LEGAL PROFESSIONALS ~ ALP

January 27, 2014

Norberto Duenas
Interim City Manager
CITY OF SAN JOSE
200 E. Santa Clara Street, 17th Floor
San Jose, California 95113

Transmitted by email to
norberto.duenas@sanjoseca.gov

Re: Response to February 11, 2015 Measure B Letter

Dear Mr. Duenas:

This responds to your February 11, 2015 letter to the Association of Legal Professionals (ALP) regarding Measure B. The same letter – or at least a significantly similar version of it – was apparently sent to all of the City's employee bargaining units.

On February 19, 2015, Mr. Gregg Adam responded on behalf of the San Jose Police Officer's Association (POA) to the version of your letter sent to the POA. The POA's response identifies a number of positive points about the February 11th letter, as well as a number of criticisms and concerns. It also sets forth some general principles for moving forward. ALP agrees with and supports the POA's letter to the extent it is applicable to all City employees.

ALP has the following additional concerns about the February 11th letter.

- **Global Solution to All Employee Compensation and Benefit Issues.**

For real progress to occur, the City's adversarial and piecemeal approach to compensation and benefit issues during the last administration needs to end. The approach has been counterproductive. ALP members are interested in a global solution to **all** employee compensation and labor issues, not just to Measure B.

City employees have been "scapegoated" as the source of the City's financial woes. The City's approach to labor relations during the last administration has led to litigation, an extraordinary number of PERB complaints and actions, and ongoing bitter and fractious negotiations between the City and various bargaining units. Compensation and benefit "takeaways" were consistent and constant during the previous administration, bringing to mind the adage "death by a thousand cuts." It is no secret that, on labor issues, there is little trust between the bargaining units and the City at this point.

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The result of the City's approach to labor relations generally has been low employee morale, high turnover, and difficulty recruiting and retaining new employees. This is undesirable for a service-oriented organization in which the workforce is the most significant resource. What is needed is a resolution of all employee compensation and benefit issues so that labor stability can be restored.

- **City Needs to Take a Holistic Approach to Funding Restoration of Services.**

As the February 11th letter generally acknowledges, employees have taken pay cuts (including a 10% general pay cut that has never been restored), benefit takeaways, and benefit "co-pay" increases to help the City address its budget deficits. The February 11th letter also acknowledges that the City has achieved **over** \$25 million in General Fund savings from various retirement changes.¹

Despite the dramatic "compensation-and-benefit" savings already achieved, the February 11th letter indicates the City is seeking an additional \$25 million in concessions from its employees to fund the restoration of City services. It is hard not to think that this is just more of the same – death by a thousand cuts.

The February 11th letter also identifies taxpayers as a potential source of revenue to fund a restoration of services.

Glaringly absent from the February 11th letter is any discussion of City Council responsibility for the restoration of services by examining its own spending decisions. For example, the irony of the City seeking additional concessions from employees to fund the restoration of City services while at the same time discussing expanding non-core City services is not lost on ALP.² In addition, there have been a number of relatively recent instances in which the City Council has reduced fees to below cost recovery and waived fees. These kind of spending decisions have to be evaluated in the context of any fair discussion about restoring City services.

- **The Savings Target is Perplexing When Looked at in the Larger Context.**

The City's desire to seek significant additional concessions from employees is perplexing when viewed in context.

The February 11th letter states that **increasing** Tier 2 retirement benefits is one issue the City would like to discuss in the context of settling Measure B. Of course, it is ironic that in the context of a letter discussing City employees making more

¹ \$18 million from SRBR, plus \$7 million from changes in retiree healthcare, plus unspecified savings from having implemented a second tier of retirement benefits for new employees. Note also that ALP shares the concerns expressed by the POA that the City's savings targets remain, as in past years, inflated and inaccurate.

² Item 5.3 on the January 27, 2015 City Council agenda involved providing additional City services to support immigrants. ALP has no position on this issue other than to point out the irony of seeking additional concessions from City employees to fund core City services while discussing the expansion of non-core City services.

concessions the City also talks about increasing a benefit for some. Increasing the benefit for some will likely place a higher financial burden on others.


A discussion about increasing the Tier 2 retirement benefit is also ironic because the City is the party that wanted to implement it to address the financial issues. The City was successful in doing so, and now apparently realizes that it is having trouble retaining and recruiting new employees because the benefit is not competitive with other public entities. This is but only one example in recent years of the consequences of the City's labor "fix" not being completely thought through.

The significant additional concessions being sought from employees also seems to contradict the compensation studies the City's Human Resources Department is in the midst of undertaking. Many City departments have experienced difficulty recruiting and retaining employees. In the last few years, ALP has experienced double digit turnover rates atop a significant reduction in budgeted positions. One factor underlying these issues is that the City's compensation package is not competitive with other public entities. This appears to be the case for ALP employees. To help verify this, Human Resources is undertaking a number of compensation studies. It doesn't make sense for the City to be seeking further employee concessions while at the same time seeking to verify that its current compensation package is not competitive.

ALP agrees with the POA that the framework for discussion is competitiveness and stability, and that the process for achieving any agreement requires negotiation in good faith with the bargaining units. ALP remains hopeful that the issues identified in the POA and ALP responses will not fall on deaf ears and that the City will move forward to a mutual resolution of the issues with its various bargaining units, including ALP. As always, ALP stands ready to participate in good faith in such a process.

Sincerely,

ASSOCIATION OF LEGAL PROFESSIONALS



VERA M. I. TODOROV
President

cc (by email): Mayor and Council Members
City Attorney
Federated Bargaining Unit Coalition
SJPOA c/o Gregg Adam

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