



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Alex Gurza
Jennifer Maguire

SUBJECT: First Amendment to Renne
Sloan Holtzman & Sakai, LLP
Labor Consulting Services Agreement

DATE: November 16, 2012

Approved

Date

11/19/12

RECOMMENDATION

It is recommended that the City Council:

1. Adopt a resolution authorizing the City Manager to execute the first amendment to the Agreement with Renne Sloan Holtzman & Sakai, LLP for labor consulting services in connection with labor matters, increasing the contract amount by \$400,000, not to exceed \$650,000, and extending the contract term to December 31, 2014.
2. Adopt the following Appropriation Ordinance amendments in the General Fund:
 - a. Increase the City-wide appropriation for Labor/Employee Relations Consulting Funding in the amount of \$350,000; and,
 - b. Decrease the Fiscal Reform Plan Implementation Earmarked Reserve in the amount of \$350,000.

OUTCOME

Execution of the first amendment to the agreement with Renne Sloan Holtzman & Sakai, LLP, and appropriation of this funding will allow the City Manager's Office to amend the existing agreement for continued labor consulting services, including assistance in developing labor negotiation strategies and providing assistance with other labor relations matters.

BACKGROUND

The City Council in May 2011, approved a Fiscal Reform Plan to achieve savings and/or new revenues to eliminate the General Fund structural deficit, restore services to the January 1, 2011 level, and to open facilities built or under construction within five years. Significant labor relations consulting services are required to support the implementation of the City's Fiscal

Reform Plan including, but not limited to, matters related to the pension ballot measure, potential arbitration matters, and labor negotiations.

On April 5, 2011, the City Manager executed an agreement with the law firm Renne Sloan Holtzman & Sakai, LLP for a term ending December 31, 2012, in a total amount not to exceed \$250,000, to provide labor consulting services for labor relations matters. The scope of services includes, but is not limited to, the developing of labor negotiating strategies for successor Memoranda of Agreements (MOAs) and the inclusion of the consultant as a member of the City's negotiating team and possible assignment as a lead negotiator.

ANALYSIS

Renne Sloan Holtzman & Sakai, LLP has extensive experience with police and fire labor negotiations, public sector labor law, and interest arbitration proceedings. The firm has provided negotiation and legal services to the City since approximately January 2005.

Renne Sloan Holtzman & Sakai, LLP is currently providing labor consulting services to the City and has assisted with the continued implementation of the Fiscal Reform Plan. The City anticipates the need for labor consulting services to assist with potential arbitration matters related to the implementation of second tier retirement benefits and other Fiscal Reform Plan items. Based on past arbitration cost experiences, it is anticipated that Renne Sloan Holtzman & Sakai, LLP's cost for supporting potential arbitration proceedings regarding the second tier retirement benefits with the San Jose Police Officers Association (SJPOA) and the International Association of Fire Fighters (IAFF), Local 230, will be approximately \$350,000. It is recommended to decrease the Fiscal Reform Plan Implementation earmarked reserve by \$350,000 and allocate the funds to the Labor/Employee Relations Consultant Funding City-wide appropriation to fund these services.

Renne Sloan Holtzman & Sakai, LLP is also assisting in current labor negotiations with the Association of Legal Professionals, a bargaining unit mainly comprised of attorneys in the City Attorney's Office. In addition, the City will be in negotiations with all eleven bargaining units over successor memoranda of agreement and there are not sufficient resources within the Office of Employee Relations to manage all of these negotiations. Assistance from Renne Sloan Holtzman & Sakai, LLP will be necessary to handle all of these negotiations. The estimated cost for this service is approximately \$50,000 which will be funded through the existing Labor/Employee Relations Consultant Funding City-wide appropriation.

Renne Sloan Holtzman & Sakai, LLP's continued participation, specialized services, and experience are essential for continuity and successful completion of these pending labor relations matters, upcoming labor negotiations, and arbitration matters.

EVALUATION AND FOLLOW-UP

There is no anticipated Council follow-up at this time.

PUBLIC OUTREACH/INTEREST

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. (Required: Website Posting)
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. (Required: E-mail and Website Posting)
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. (Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)

Although this memorandum does not meet any of the criteria listed above, it will be posted on the City's website as part of the December 4, 2012, City Council Agenda.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office.

COST SUMMARY/IMPLICATIONS

As part of the approval of the 2011-2012 Mid-Year Budget Review, the City Council approved the Fiscal Reform Plan Implementation Reserve in the General Fund to fund future ballot measures, polling, studies, potential litigation, and/or other items related to the implementation of the Fiscal Reform Plan. This memorandum recommends allocating \$350,000 of the \$1.5 million earmarked reserve as included in the 2012-2013 Adopted Budget to the Labor/Employee Relations Consultant Funding City-wide expense appropriation to provide for labor services in the current fiscal year. It should be noted that the City Attorney's Office is bringing forward a separate memorandum for Fiscal Reform related services, which recommends reducing the Fiscal Reform Implementation Reserve by \$1,000,000. If both recommendations are approved, \$150,000 will remain in the reserve for future use.

1. Amount of Recommendation for increased Renne Sloan Holtzman & Sakai LLP contract:	\$400,000
Original Agreement – May, 2011	\$250,000
Proposed First Amendment – November 27, 2012	\$400,000
TOTAL	\$650,000

2. Source of Funding: General Fund – Fiscal Reform Plan Implementation Reserve (\$350,000) and Labor/Employee Relations Consultant Funding City-wide expense appropriation (\$50,000)

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	Total Appn	Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
001	3769	Labor/Employee Relations Consultant Funding	\$666,000*	IX-27	10/16/2012, Ord. No. 29163

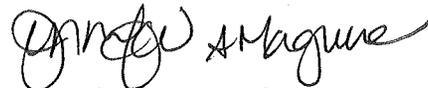
* Includes an increase of \$350,000 as recommended in this memorandum.

CEQA

Not a project; File No. PP10-066(e), Services that involve no physical changes to the environment.



Alex Gurza
Deputy City Manager



Jennifer A. Maguire
Budget Director

For questions please contact Alex Gurza, Deputy City Manager, at (408) 535-8150.