Elected Leaders Reflect on Challenges and Opportunities

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New Year Brings New Opportunities

Much can be gained by taking advantage of the opportunity for reflection and reexamination provided by the new year. This year will mark an eventful passage from a time of retrenchment and decline, to a period of recovery and growth.

On the national stage, we have seen how a lack of cooperation and even common sense, have impeded the nation’s fortunes and finances. Our mantra has been that where there are legitimate problems, we will step up and do our fair share. This has proven a serviceable solution to navigating the tricky shoals of sacrifice and setback.

The concept of shared sacrifice has enabled us to bargain effectively and limit our losses. If there has been any lapse at all in our efforts, it has been in navigating the fine line between befitting restraint, and fully capitalizing on our reasonable and equitable response to the recession, to enhance our image as an eminently responsible and progressive public union.

Fair share also applies to gains. In a period of recovery and growth, it similarly behooves us to focus in a reasonable and restrained fashion on obtaining our fair share of gains. The amount of our prior sacrifices can serve as justification for fully sharing in improvements, but not necessarily for overriding other fiscal concerns and circumstances that must be balanced responsibly.

Perhaps our greatest opportunity lies in being creative and taking advantage of the deeply rooted and sometimes somewhat understandable tendency for municipalities to put forth conservative revenue projections. If we can take a risk in situations where it’s appropriate and trade sure gains for a larger share of “excess” revenues, we might be able to maximize gains while minimizing bargaining backlash.

In the event that such a strategy is successful, however, we need to be prepared to preempt foreseeable criticisms of “windfalls” by converting some of those excess gains to contributions to active health care and post-retirement medical contributions, which we know will be a major focus at many of our current and future bargaining tables.

“The amount of our sacrifices serve as justification for fully sharing in improvements, but not for overriding other fiscal concerns and circumstances that must be balanced responsibly.”

Pauson Yun and Bonita McGee pause from celebrating at the San Francisco Administrative Analysts chapter holiday party.
Statewide Improvements on Horizon as Democrats Gain Majority

The Legislature is back after an election cycle that promises to bring many changes to the Capitol. Voters gave Democrats huge victories last November. The Democratic Party will have super majorities in both houses, and organized labor scored one of its biggest wins ever by defeating Prop. 32, which would have taken away our voice and role in politics.

The fiscal mess that has plagued our state budget for more than a decade will finally become a thing of the past. The passage of Prop. 30, Governor Brown’s temporary tax initiative, will bring billions in new revenue into the state treasury. Projections show revenue surpluses as early as 2014, which will stave off additional cuts to vital services, and may eventually mean restoration and growth of the programs we need to become a thriving state again.

Many legislators are talking about using the new super majority to secure structural changes to our tax system that have been out of reach because of Republicans’ pledge for no new taxes. One target is Prop. 13, which was originally intended to protect residential property owners from skyrocketing property taxes in the late 1970’s. Unfortunately, it also protected corporations with large land portfolios that pay very little in property taxes. A change to allow a higher assessment on corporate property could bring additional billions to our state coffers.

New year not free of challenges
Despite improvements on the horizon, there are many issues to be tackled, including the Governor’s pension reform bill enacted last year. AB 340 mandated many so-called pension reforms on state and local government agencies, including lowering benefit schedules and instituting 50-50 cost sharing. While the University of California and charter cities were exempted from its provisions, most other public employees will be forced to comply unless additional “clean-up” legislation is passed.

With the elimination of Redevelopment agencies, we saw a lot of court action, cities scrambling to pick up the pieces, and several failed attempts to revive Redevelopment. Senator Darrell Steinberg’s proposal to have a more scaled down and targeted approach to redevelopment may have the best chance for passage. His effort was vetoed last year, but as the leader of the Senate he could have the political pull to get it done.

The courts have limped through the budget process over the past several years with significant cuts. With the passage of Prop. 30 and an improving economy, there should be no need for future cuts and a glimmer of hope for restoration of funding. Court employees have suffered mass furloughs and layoffs, and many jobs have been outsourced. Doing something to restore these positions will be a priority in the coming year.

Local 21 Most Valuable Local Union, According to The Nation

FPTE Local 21 was named The Nation magazine’s “Most Valuable Local Union of 2012” in the country. We’re proud to be included on the publication’s “Progressive Honor Roll of 2012” for our hard work battling threats to wages, benefits and pensions.

In particular, the magazine took note of our special role in defeating Prop. 32 last November. If passed, it would have limited the ability of unions to back candidates and ballot measures in California while permitting billionaire campaign donors, corporations and Super PACs to buy their way into politics. For a union of our size, Local 21 members extraordinarily volunteered thousands of hours to educate voters and defeat the anti-worker, anti-middle class measure.

“The Nation’s award is a well-deserved honor for Local 21. The union has been a source of political wisdom, research, and inspiration for its members for many years, and has continued to expand and improve its services and advocacy leadership,” said member and Alameda County Assistant Public Defender David Klaus.

The Nation is the oldest weekly magazine in the country devoted to politics and culture. It is the vanguard of progressive critical thinking and analysis, and covers topics ranging from architecture, art, and corporations, to the environment, legal affairs, and international relations. Check out the full honor roll at bit.ly/WrIKk5.
challenges

There’s no doubt that despite the recent gains we’ve made and the recovering economy, we still have a long road of challenges ahead of us.

“We’re going to see the ramifications of AB 340, the new statewide pension reform legislation, and a continuation of the climate of anti-public employee sentiment that drove it in the coming year,” said East Bay Vice President Anne Henny.

The seemingly ubiquitous wave of anti-public worker sentiment raised concerns with many EC members. Many also highlighted that whether it’s issues that a number of our jurisdictions are faced with, or national challenges affecting the labor movement as a whole, our union has it’s work ahead of us.

“We have to continue defending public employees and unions against the tide of negative political propaganda,” said John Mukhar, Executive Vice President.

“Negotiations may get easier with the economy improving, but we’re still going to see politically charged requests at the bargaining table that are not rooted in actual economic need.”

Despite the commonalities between our chapters, Local 21 members in some jurisdictions have their own unique difficulties – especially in Oakland and San Jose.

“In Oakland we’ve got a difficult contract campaign coming up. We’ll have to fight to be restored back to where we were before years of furloughs, but it will provide a valuable opportunity to get more members involved. As a union, we’re planning ahead and putting a lot of staff support into Oakland so we can put up the best fight for our members and the services they provide,” said Oakland Vice President Renee Sykes.

San Jose’s Mayor and administration have taken a special interest in trying to dismantle public service throughout the city. After years of draconian cuts and unethical tactics to take away employees’ pay by as much as 20%, the City is now seeing its employees flee to other public agencies and is unable to recruit qualified workers to fill its growing roster of vacant positions. Employee morale is at an all time low, and the City continues to tout its anti-labor practices on a national level as a model for revamping the public sector.

“These are challenging times in the South Bay, and for public employees in general throughout the union. We are faced with unprecedented cut backs, tough contract negotiations across the board, and unparalleled hostility towards public employees,” said Ananth Prasad, South Bay Vice President. “The success of our strategies here in South Bay will have far reaching implications.”

opportunities

Despite the numerous challenges we face, all incoming EC members recognized the different opportunities that reside within and are born from those struggles.
“This is the time to promote unions. We need to be ready to listen and help people who want to be unionized. Lots of professionals out there want to unionize and we need to reach out to them,” said Sue Guest, At-Large Vice President.

Some also saw that as our economy experiences steady improvement, we’ll finally be able to shift from a defensive strategy of mitigating damage to our pay and benefits, to an offensive plan where we secure fair pay and benefit restoration. In the jurisdictions that are beginning to turn around, our focus reflects the improving economy and financial health of our employers.

“As difficult budget and political situations get resolved, we’ll finally be able to move on and refocus some of our efforts on other things that matter to our members,” said Henny.

growth

“Prioritizing our growth and membership involvement will help put Local 21 on the map as a growing, vibrant union,” said Vice President for Membership & Organization Larry Griffin. “We have some battles ahead of us – certainly healthcare will be a big issue, and having a strong membership base will position us to win the best possible outcomes for our members.”

Strengthening our union and members’ voices is a priority for our new EC, and many new leaders had different ideas about how we can foster a greater sense of unity and cohesion.

“As the union looks to refine its chapter structure in certain areas, especially San Francisco, we’re presented with new and exciting ways to engage people in the workplace. We’ve got to build a greater sense of identity and belonging before we can build consensus on larger issues,” said Eileen Ross, Secretary.

uncertainties

Despite clear indicators of an improving economy and certain employers’ willingness to make modest wage improvements, a full recovery has yet to be seen, and attacks against workers are becoming the norm.

“We have a major challenge ahead of us as exemplified by new Right to Work laws in Michigan and elsewhere. Labor has been on a downward arc for a long time and our strategies have not halted the slide. We have to change what we’re doing or we’ll continue on the path to extinction,” said President Dean Coate.

Political Action is important because, “if the wrong people get into office, we’ll see even more negative portrayals of public employees and more of the public will buy into that image,” said Guest.

teamwork

One thing is clear; building bridges between our members and chapters is key in strengthening our effectiveness at the bargaining table, and in the workplace.

“Being on the EC provides a unique global view of what’s happening in all our jurisdictions. When we know what our shared struggles are, we can use our resources more strategically, like applying research from one area to another, rather than reinventing the wheel. We can also have a better sense of what has or hasn’t worked in other areas, to strengthen our bargaining position,” said Mary Marzotto, San Francisco Vice President.

Moving ahead, there is consensus that we need to build upon what we have already worked so hard to cultivate, and the common goals we share as union members, working people, and public employees.

“Last election season we had more volunteers than ever before and we stopped a well-funded ballot measure (Prop. 32) that would have destroyed our voice in the workplace,” said Tom Manley, Vice President for Legislative & Political Action. “We should be very proud.”

“Following the recent election, we have an opportunity to keep the momentum going. We had a lot of members engaged and educated a lot of voters about important issues; it’s important we continue to build off the hard work we put in last November,” said Treasurer Michail Hart. “Plus, it’s important we replenish our political fund so we can continue to support the causes we believe in.”
Economist Robert Fairlie Talks to Local 21 About Improving Our Economy

**LOCAL 21:** What is the state of the Bay Area economy?

**ROBERT FAIRLIE:** Even though we were hit hard during the recession, things are improving very rapidly. All of the indicators are showing great improvement for the Bay Area economy. Labor and business markets, personal income and gross domestic product, all of these economic indicators are pointing to a strong recovery. We just got out of the “great recession” where we saw the fastest increase in unemployment since post-WW2. Unemployment hit a peak of 10% in 2009, and now it’s under 8%. The national economy is doing quite well, and the Bay Area is showing great improvement.

**LOCAL 21:** What are some of the economic implications of an improving labor market?

**ROBERT FAIRLIE:** The labor market is extremely important for the local economy. Unemployment has dropped rapidly, and employment growth, wages, and total personal income have all increased. When we see increasing wages and higher levels of employment, it’s good for public and private sector workers. In the last year, personal income growth was negative. It’s turned around and is now 2.5% -- that’s a change of 5%. Those workers now have more money and spend it in the local economy. Local businesses benefit and those owners then spend their money on other businesses in the area, and it creates a multiplier effect.

**LOCAL 21:** Has there been an impact on sales tax and taxable growth?

**ROBERT FAIRLIE:** When housing markets were slumping, that was a period when conditions were worsening. People had less money, they were not buying homes, foreclosures were happening. Now we’re seeing a very strong rebound in the Bay Area. The housing market here is very expensive, and the median house price is $550k, three times higher than the national level.

**LOCAL 21:** Can you explain Gross Domestic Product (GDP) and what it measures?

**ROBERT FAIRLIE:** GDP is a measure of the local economy and all the goods and services produced. It’s a powerful indicator of how consumers, workers, and businesses are all doing. What we’ve seen is that GDP in the Bay Area went from -5% to 2.5%. That’s a major turnaround that shows we’re out of the great recession and the economy is doing well.

**LOCAL 21:** What is the impact of an improving Consumer Price Index (CPI)?

**ROBERT FAIRLIE:** CPI reflects the cost of living for individuals who live and work here. It’s important because we’re looking for a healthy level of growth in the economy where the CPI is 2-3%. We don’t want it to be too much higher because that creates inflation, and we don’t want it low because that’s a sign the economy is not doing well and consumers aren’t spending money. Right now, the CPI is ranging from 2-3% and is forecasted to be in that range for the next few years. This is another sign that things are improving.

**LOCAL 21:** How will an improving economy impact the financial positions and revenue streams of local jurisdictions?

**ROBERT FAIRLIE:** All of these areas, labor market, business conditions, personal income, tourism and housing markets, are areas where local governments receive taxes. Because these conditions are improving it will translate into more revenue streams for local governments.
New Statewide Pension Reform Bill Goes Into Effect
Legislation impacts current and new employees in many jurisdictions across California

Last Fall, Governor Brown and the California state legislature passed the Public Employee Pension Reform Act of 2012 (PEPRA), comprised of AB 340 and AB 197. The new laws went into effect January 1, 2013, and amend various provisions of statewide retirement laws governing pension benefits.

PEPRA applies to nearly all public employers in California except the University of California, and charter cities and counties including San Francisco and San Jose, unless they participate in a retirement system governed by state statute like CalPERS and '37 Act plans.

Reduces abuse, but adversely impacts some Local 21 members
The legislation came out of political pressure to curb public employees’ pensions, and Democrats’ goals of reducing pension spiking and other abuses, but safeguarding the benefit and affordability for years to come. At best, it represents a compromise and will have some adverse impacts on our members.

Most provisions apply to new employees, though existing employees also impacted
The more significant pension “reforms” apply only to new employees. However, some provisions apply to current employees, including that many existing employees may be required to pay half the normal cost of retirement by 2018, up to 8% for non-safety members and 14% for ‘37 Act County retirement system members. In jurisdictions where our members do not pay the whole employee contribution to retirement, this change is likely to have an impact on wages and take home pay. However, the legislation provides unions and employers five years to negotiate a way to comply with this provision.

Local 21 joins with other unions to challenge changes and implementation
In Alameda and Contra Costa Counties (both ‘37 Act Counties), Local 21 recently joined with other unions in legal actions to halt the implementation of the terminal pay provisions of PEPRA, because it makes changes to employees’ vested rights in violation of the “Contracts Clause” of the state constitution that result in lower pension benefits for our members. The Courts in both Contra Costa and Alameda granted temporary stays of 60 days, pending a ruling on the merits of the case. We expect that the Courts will consolidate the cases as the issues are largely the same. If the cases are not consolidated at the Superior Court level, we expect they will be consolidated at the appellate level.

HOW PEPRA IMPACTS NEW AND CURRENT EMPLOYEES

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<th>CURRENT AND NEW EMPLOYEES</th>
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<td>Allows equal sharing of normal cost of retirement, up to 8% by CalPERS members and 14% by ‘37 Act County members, by 2018</td>
<td>Caps pensionable income at $110,100 (2012), or $132,120 for non-social security participants, and adjusts cap annually based on the CPI</td>
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<td>Limits what is counted as compensation earnable for ‘37 Act County members, including eliminating excess payments for vacation, sick, and unused leave</td>
<td>Reduces benefit formulas and increases retirement ages to 2% at 62</td>
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<td>Eliminates “air time,” or non-qualified service credit purchases</td>
<td>Eliminates supplemental defined benefit plans</td>
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<td>Prohibits retroactive pension benefit enhancements</td>
<td>Requires final compensation calculations to be based on highest consecutive three years of salary</td>
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<td>Eliminates pension holidays</td>
<td>Mandates that pensionable compensation be based on regular, recurring pay only, with no additional or one-time forms of pay allowed</td>
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<td>Limits post-retirement work in the public sector</td>
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<td>Prohibits employers from offering better health benefits to non union employees</td>
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<td>Requires employees convicted of work-related felonies to forfeit retirement benefits earned at any point after the felony’s occurrence</td>
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For a full list of provisions and detailed explanations, visit our website at bit.ly/U6xLw6.
Housing Inspectors Win Record Case to Protect Bayview Tenants

Landlord-tenant disputes may be common in a city like San Francisco, but Local 21 member Jamie Sanbonmatsu and his colleagues, including Chief Inspector Rosemary Bosque, Inspector David Herring, and Senior Inspector Alan Davison, made history with the largest-ever settlement for egregious housing code violations, marking a big win for low-income tenants.

Sanbonmatsu, a Housing Inspector at the San Francisco Dept. of Building Inspection (DBI), repeatedly cited 18 different properties owned by James Blanding for more than three years. The case he built played a pivotal role in securing an $800,000 fine for penalties and mandate that all 467 violations be corrected immediately.

As a Housing Inspector for the past 15 years, Sanbonmatsu inspects properties when there’s a complaint and ensures that negligent landlords make quality and timely repairs. He works hard to ensure that both tenants, and the public at large are safe.

In the case of Blanding’s properties, the landlord bullied tenants into not filing complaints and when complaints were made, he either ignored the violations or made inadequate and sometimes dangerous repairs.

Blanding owns properties primarily in the Bayview neighborhood, many of which were cited for raw sewage spills, wood rotted stairs, heavy leaks with extensive mold and water damage, pest infestations, crumbling ceilings, floors and walls, dangerous electrical wiring, and more. His tenants largely include low-income families and individuals with limited access to resources to help them secure safer living conditions.

“It’s nice to see a tangible impact from your work. You see people that were cold and wet, and now they’re warm and dry,” said Sanbonmatsu.

Growing up with parents who organized their teachers’ union, Sanbonmatsu learned from an early age about the importance of standing together to enact positive change. “They built the union, but they said that wasn’t enough,” he said, “there are still others who need our help.”

“I have always felt that working people must stand with very low-income people who live in deplorable housing conditions.”

Because of the strong case Sanbonmatsu and his Housing Inspection co-workers built, many of Blanding’s tenants are filing their own case in the courts. The fines collected will be used to help fund DBI’s efforts and protect tenants from landlords like Blanding.