COUNCIL AGENDA: 8-3-10
ITEM: 3.4

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Alex Gurza
Jennifer Maguire

SUBJECT: SEE BELOW

DATE: July 19, 2010

Approved

Date 7/19/10

SUBJECT: APPROVAL OF THE TERMS OF AN AGREEMENT WITH THE SAN JOSE POLICE OFFICERS' ASSOCIATION (POA)

COUNCIL DISTRICT: N/A
SNI AREA: N/A

RECOMMENDATION

1. Adoption of a resolution to approve the terms of a Memorandum of Agreement with the San Jose Police Officers' Association (SJPOA) and authorizing the City Manager to execute the agreement with a term of July 1, 2010 to June 30, 2011.

2. Restoration of 70 Police Officer positions as follows:
   a. Restore 62 Police Officer positions, on a one-time basis, effective August 1, 2010 through June 30, 2011.
   b. Restore 8 Police Officer positions ongoing, effective August 1, 2010.

3. Adoption of the following 2010-2011 Appropriation Ordinance and Funding Sources Resolution amendments in the General Fund:
   a. Decrease the Police Department Personal Services appropriation by $883,954.
   b. Increase the Police Department Non-Personal/Equipment appropriation by $331,504.
   c. Decrease the Office of the City Attorney Personal Services appropriation by $20,932.
   d. Establish a 2011-2012 Future Deficit Earmarked Reserve of $1,230,000.
   e. Decrease the Unemployment Insurance Earmarked Reserve by $985,000.
   f. Decrease the revenue estimate for Transfers and Reimbursements by $301,094.
   g. Decrease the revenue estimate for Licenses and Permits by $27,288.

4. Adoption of the following 2010-2011 Appropriation Ordinance amendments in the Airport Maintenance and Operations Fund (Fund 523):
   a. Decrease the Transfer to the General Fund by $301,094.
   b. Increase the Ending Fund Balance by $301,094.

5. Adopt a resolution amending the Schedule of Fees and Charges (Resolution No. 72737, as amended) to decrease the Cardroom Card Table Fee from the adopted $24,755 per table to an adjusted fee of $24,413 per table.

OUTCOME

Adoption of the resolution and authorization to execute the successor agreement would implement a collective bargaining unit agreement between the City and the San Jose Police Officers' Association (POA).

BACKGROUND

In November 2009, the City Council in open session approved a goal of reducing the total ongoing employee compensation by 5%. In March 2010, the City Council approved the Mayor's Budget Message, which expanded the goal to include an additional 5% in personnel cost savings, including ongoing or one-time savings. As a result, the goal was to achieve a total compensation reduction of 10%. "Total compensation" is the total cost to the City of pay and benefits, including base pay, retirement contributions, health insurance and other benefits. Total compensation is calculated using budgeted salary and fringe benefit costs for the bargaining unit.

The POA represented approximately 1362 full time budgeted positions in Fiscal Year 2009-2010. This unit includes employees in the classifications of Police Recruit, Airport Police Officer, Police Officer, Police Sergeant, Police Artist, Police Lieutenant, Police Captain and Deputy Chief of Police.

The Memorandum of Agreement between the City of San Jose and the POA expired on June 30, 2010. The City and the POA commenced negotiations for a successor Memorandum of Agreement (MOA) in January 2010. The City and the POA were unable to reach an agreement that achieves a 10% total compensation reduction before the City Council approved the Fiscal Year 2010-2011 Budget. The Fiscal Year 2010-2011 Budget approved by the City Council includes the elimination of 159 sworn police officer positions. As a result, approximately 70 police officers are subject to layoff effective July 30, 2010.

Even though the City Council approved the Fiscal Year 2010-2011 Budget, the City Council directed staff to continue to negotiate with the POA in an attempt to reach an agreement that would avoid layoffs. If the City and the POA were unable to reach an agreement, the parties would proceed to binding interest arbitration. It would be many months before the arbitration hearings would take place, and the layoffs that are effective July 30, 2010, would have already occurred. Therefore, by the time an arbitration award was issued, police officers who are subject to layoff as a result of the Fiscal Year 2010-2011 Budget would not have been employed by the City of San Jose for many months and possibly over one year.

During these continued negotiations, the POA made a proposal to the City on June 30, 2010, that when combined with the Mayor's June Budget Message Police Officer attrition funding as approved by the City Council with adoption of the Fiscal Year 2010-2011 Budget, yields enough savings to delay the 70 layoffs currently planned for Fiscal Year 2010-2011. However, the POA's proposal

falls significantly short of achieving a 10% reduction in total compensation. The POA indicated that its June 30, 2010, proposal, which represents a total compensation reduction of less than 4% is as much as the POA is willing to offer. Since the concessions proposed by the POA would generate almost exclusively one-time savings, those concessions would preserve a portion of the police officer positions that are currently eliminated in the Fiscal Year 2010-2011 Budget for only one additional year. Therefore, absent additional ongoing concessions, the positions of employees who would avoid layoff through one-time savings would be eliminated effective June 30, 2011, and would not be included in the budget development of Fiscal Year 2011-2012.

Although the POA's proposal would delay the current proposed layoffs through June 30, 2011, it would not avoid elimination of a significant number of vacant police officer positions, which results in the loss of public safety services to the community. This is a loss in the number of sworn police personnel that the City hoped could have been avoided through a 10% reduction in total compensation for employees represented by the POA.

In order to avoid the layoff of 70 police officer positions, the City Administration asked the POA to take its June 30, 2010 proposal to its membership for ratification. The POA took its proposal to the membership and notified the City Administration on July 13, 2010, that approximately 75% of the POA membership voted in favor of the proposal. Therefore, the POA proposal dated June 30, 2010 has been ratified. Since the tentative agreement is only a one year contract the City considers the tentative agreement a "stop-gap" measure to avoid police officer layoffs temporarily while providing the City and the POA the opportunity to negotiate a new contract that includes on-going savings and reforms before additional permanent cuts become necessary for the next fiscal year. A complete copy of the tentative agreement is attached.

ANALYSIS

The following is a summary of the terms contained in the June 30, 2010, proposal from the POA:

Temporary Additional Retirement Contributions	Effective June 27, 2010 through June 25, 2011, employees will make an additional retirement contribution in the amount of 5.25% of pensionable compensation, and this amount will be applied to reduce the contributions that the City would otherwise be required to make during that time period for the pension unfunded liability. This additional employee retirement contribution would be in addition to the employee retirement contribution rates as approved by the Police and Fire Department Retirement Board. In the event the additional retirement contribution cannot be implemented or is ceased for any reason, employees would instead have their base pay temporarily reduced by the equivalent amount.
Temporary Uniform Allowance Freeze	Currently, employees receive a uniform allowance not to exceed $675 annually. Payments are made during the first two pay periods of each month, in the amount of $28.12 per biweekly pay period.

Effective September 5, 2010 through June 25, 2011, employees shall be ineligible to receive uniform allowance payments.

Healthcare Cost Sharing

Currently, the City pays ninety (90%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage, and the employee pays ten (10%) of the premium for the lowest priced plan for employee or employee and dependent coverage.

Effective December 26, 2010, the City will pay eighty five percent (85%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage, and the employee will pay fifteen (15%) of the premium for the lowest priced plan for employee or employee and dependent coverage.

Healthcare HMO Plan Design

The current HMO Plan Design provides for $10 office visit co-pay, $5 generic and $10 brand name prescription co-pays, and a $50 emergency room co-pay.

Effective January 1, 2011, co-pays for all available HMO plans shall be as follows:

a. $25 office visit co-pay
b. $10 generic/$25 brand name prescription co-pay
c. $100 emergency room co-pay
d. $100 inpatient/outpatient procedure co-pay

Healthcare Dual Coverage

Effective January 1, 2011, employees may no longer be simultaneously covered by City-provided medical and/or dental benefits as a City employee and as a dependent of another City employee or retiree.

Healthcare Payment-In-Lieu

Currently, employees who have other health and/or dental coverage are eligible for a health-in-lieu and/or dental-in-lieu amount of 50% of the City's premium. This results in a formula that increases as the City's costs towards healthcare increases. The current in-lieu amounts are as follows:

	Health In-Lieu	Dental In-Lieu
If eligible for family coverage:	250.31	24.44
If NOT eligible for family coverage:	100.54	24.44

Effective December 26, 2010, employees who qualify for and participate in payment-in-lieu of health and/or dental insurance program will receive the following per pay period:

	Health In-Lieu	Dental In-Lieu
If eligible for family coverage:	221.84	19.95
If NOT eligible for family coverage:	89.09	19.95

A City employee who receives healthcare coverage as a dependent of another City employee or retiree shall be deemed NOT eligible for family coverage.

This changes the current formula from a percentage to a fixed dollar amount and will reduce the increases in the health in-lieu program in the future.

No Layoffs During Fiscal Year 2010-2011

Effective July 1, 2010 through June 30, 2011, there shall be no layoffs of positions represented by the POA. For purposes of this section, layoff shall be defined as involuntarily separation of City employment due to budget reductions.

Although there shall be no layoffs during this period, the parties understand that the Fiscal Year 2010-2011 Budget includes the elimination of positions represented by the POA. Any positions restored through one-time savings will restore positions for Fiscal Year 2010-2011 only. These positions will be eliminated on June 30, 2011.

EVALUATION AND FOLLOW-UP

None.

POLICY ALTERNATIVES

The Meyers-Milias-Brown Act (MMBA) governs labor relations for local government agencies in California. The MMBA states:

> If after meeting and conferring in good faith, an impasse has been reached between the public agency and the recognized employee organization, and impasse procedures, where applicable, have been exhausted, a public agency that is not required to proceed to interest arbitration may implement its last, best and final offer, but shall not implement a memorandum of understanding. (California Government Code §3505.4)

Under City Charter, Section 1111, however, the City is required to proceed to binding interest arbitration with the San Jose Police Officers' Association (POA) and International Association of Fire Fighters, Local 230 where no agreement has been reached after impasse procedures. Binding interest arbitration has been included in the City Charter since 1980 when voters passed a ballot measure to include it for public safety unions in San Jose. Therefore, the City does not have the option to implement the terms of the City's Last, Best and Final Offer, as it can do with all other non-public safety bargaining units.

The City Charter requires the City to proceed to binding interest arbitration if no agreement is reached on wages, hours, or terms and conditions of employment after negotiation in good faith

and following the procedures outlined in the Employee-Employer Relations Resolution (#39367). Therefore, if no agreement was reached between the City and the POA, either party would declare impasse and follow the procedures outlined in the Resolution. An agreement would still be possible during the impasse procedures, however, this process takes time and layoffs for Fiscal Year 2010-2011 could not be avoided.

Once the impasse procedures are complete, the City would proceed to binding interest arbitration. City Charter Section 1111 provides that the arbitration process includes a Board of Arbitrators comprised of a City representative, employee organization representative, and a neutral arbitrator selected by the City and Union who serves as the Chairman of the Board. At the conclusion of the arbitration hearings, the City and Union submit last offers on each issue. The Arbitration Board ultimately decides each issue by majority vote. The arbitration award is final and binding.

The City Council approved a Fiscal Year 2010-2011 Budget that included the difficult decision to cut services to the community and eliminate hundreds of positions throughout the City, including police officer positions. Approximately 70 sworn officers are currently subject to layoff effective July 30, 2010. If the City proceeded to binding interest arbitration, the police officers who are subject to layoff as a result of the Fiscal Year 2010-2011 Budget will separate from City service for an unknown period of time, if not permanently. Further, the cost implication of any arbitration award would be unknown for many months.

The POA presented a proposal to the City Administration that would delay the layoff of 70 police officers currently scheduled for separation from City service effective July 30, 2010, and would preserve some of the public safety services provided to the community. The City Administration is recommending approval of the ratified POA proposal as a stop-gap measure to avoid police officer layoffs temporarily while providing the City and the POA the opportunity to negotiate a new contract that includes on-going savings and reforms before additional permanent cuts become necessary for the next fiscal year.

PUBLIC OUTREACH/INTEREST

☑ **Criteria 1:** Requires Council action on the use of public funds equal to $1 million or greater. **(Required: Website Posting)**

☐ **Criteria 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)**

☐ **Criteria 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)**

This item meets Criterion 1. This memorandum will be posted on the City's website for the August 3, 2010, Council Agenda.

COORDINATION

This memorandum was coordinated with the City Attorney's Office.

COST IMPLICATIONS

The terms of the recommended agreement between the City and the POA generate savings of $8.5 million in 2010-2011 which represents 3.82% of total compensation (base pay, premium pays, retirement contributions, health insurance and other benefits). Ongoing savings of $1.5 million is equivalent to 0.67% of total compensation.

As shown in Table 1, the agreement generates General Fund savings of $8.5 million, partially offset by a revenue loss of $328,000, resulting in net savings of $8.2 million available to be allocated to restore positions. The restoration of 70 Police Officer positions through June 30, 2011 would cost $9.2 million. A number of actions are necessary to align the budget with this recommended agreement, including appropriation ordinance and funding sources resolution adjustments in the Police Department, City Attorney's Office, Unemployment Insurance Reserve, 2011-2012 Future Deficit Reserve, revenue estimate for Transfers and Reimbursements, revenue estimate for Licenses and Permits, Cardroom Table Fee, and Airport Maintenance and Operation Fund.

Table 1: General Fund Budget Reconciliation

POA Agreement General Fund Reconciliation		
POA Agreement Expenditure Savings		8,545,073
Police Department Personal Services	8,524,141	
Attorney's Office Personal Services	20,932	
Revenue Impact		(328,382)
Airport Reimb. (Transfers & Reimbursements)	(301,094)	
Cardroom Table Fee (Licenses & Permits)	(27,288)	
Net Savings		**8,216,691**
Restoration of 70 Police Officers		(9,171,602)
Police Personal Services	(8,840,098)	
Police Non-Personal/Equipment	(331,504)	
POA Agreement Shortfall		**(954,911)**

Other Balancing Actions	
POA Agreement Shortfall	(954,911)
Use of Mayor's Message Attrition Funding	1,199,911
Unemployment Insurance Reserve Savings	985,000
2011-2012 Future Deficit Reserve	**1,230,000**

Of the $8,545,073 in savings, savings of $8,524,141 is generated in the Police Department and $20,932 in the Office of the City Attorney to reflect the lower police staffing costs in the department and office, respectively.

A downward adjustment of $328,382 to the revenue estimate for Transfers and Reimbursements and the revenue estimate for Licenses and Permits reflects lower sworn personal services costs. The Airport reimburses the General Fund for the cost of police services at the Airport. In addition, the Cardroom Table Fee is based on police staffing costs. Lower staffing costs require downward adjustments to revenue to bring the Airport reimbursement and Cardroom Table Fee within cost recovery levels per City Council policy.

Pursuant to the Mayor's June Budget Message, as approved by the City Council, the City Manager was directed to recalculate the value of General Fund service restorations based on concessions achieved. Restoration of 70 Police Officer positions requires funding of $9.2 million, which represents the discounted cost of this restoration with the concessions in this agreement. The final POA concession net savings of $8.2 million is insufficient to fund the restoration of these positions. This is a result of the POA agreement cost calculation being developed based on the Fiscal Year 2010-2011 Base Budget. The final savings achieved is calculated on the Adopted Budget, which includes fewer sworn police positions. Therefore, a lower amount of savings is achieved. It is therefore necessary to use a majority portion of the $1.2 million allocated for police officer attrition as approved by the City Council with the adoption of the Fiscal Year 2010-2011 Budget. This one-time funding is available and recommended to restore the remaining portion of the 70 Police Officer positions in 2010-2011. Remaining savings of $1.2 million, generated from Unemployment Insurance Reserve savings and remaining attrition funding that is no longer needed, is recommended to be allocated to establish a 2011-2012 Future Deficit Reserve as directed by City Council with approval of the Fiscal Year 2010-2011 Budget.

This agreement achieves the City Council goal to retain all 70 filled Police Officer positions to avoid layoffs this year. The agreement will generate $8.2 million in 2010-2011 savings, of which $1.5 million is ongoing. This ongoing savings is recommended to retain 8 of the 70 positions on an ongoing basis.

The City Administration has been advised by the Police & Fire Department Retirement Board's actuary, The Segal Company, that the additional retirement contributions that the employees will be making to offset the City's retirement contributions are refundable to the members upon termination of employment if the employee requests such return of contributions. The Board's actuary has calculated a refundability factor of 0.0008 for the employee contributions, meaning that of every $1 in employee unfunded liability contributions, only $0.992 is available to offset the unfunded liability after account for refunds. This actuarial loss will be factored in future valuations.

Jennifer A. Maguire
Budget Director

Alex Gurza
Director of Employee Relations

For questions please contact Alex Gurza, Director of Employee Relations, at (408) 535-8150.

Attachments

CITY OF SAN JOSE AND SAN JOSE POLICE OFFICERS' ASSOCIATION
TENTATIVE AGREEMENT

PERIOD OF MEMORANDUM OF AGREEMENT

Term: July 1, 2010 – June 30, 2011

COST SHARING FORMULA

See Attached

HEALTHCARE HMO PLAN DESIGN

See Attached

HEALTH AND/OR DENTAL IN LIEU

See Attached

HEALTHCARE DUAL COVERAGE

See Attached

ADDITIONAL RETIREMENT CONTRIBUTIONS (ONE-TIME)

See Attached

UNIFORM ALLOWANCE

See Attached

NO LAYOFFS DURING FISCAL YEAR 2010-2011

See Attached

Although the POA has ratified this Tentative Agreement, it shall not be considered final or binding until approved by the City Council. This document sets forth the full agreements of the parties reached during these negotiations. Anything not included in this document is not part of the Tentative Agreement.

FOR THE CITY:

Alex Gurza
Director of Employee Relations

7/15/2010
Date

FOR THE UNION:

George Beattie
SJPOA President

7/15/2010
Date

TERM

ARTICLE 1 TERM

1.1 This Memorandum of Agreement (hereinafter, "Agreement") shall become effective July 1, 2010~~08~~, except where otherwise provided, and shall remain in effect through June 30, 2011~~0~~. No amendment or change to the provisions of this Agreement shall be valid or binding unless reduced to writing and signed by duly authorized representative(s) of the parties.

COST SHARING FORMULA

8.1 Health Insurance Coverage

8.1.1 Eligible employees may elect health insurance coverage under one of the available plans for employee only or employee and dependents.

~~8.1.2The City will pay ninety (90%) percent of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage, and the employee will pay ten (10%) percent of the premium of the lowest cost plan up to a maximum of $150.00 per month. Any additional amount above the cost of the lowest priced plan, less $150.00 per month, required for the premium of any plan other than the lowest priced plan shall be paid by the employee.~~

~~8.1.3~~8.1.2 ~~Effective the first pay period of payroll calendar year 2009, the~~The City will pay ninety percent (90%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage and the employee will pay ten percent (10%) of the premium for the lowest priced plan for employee or for employee and dependent coverage. If an employee selects a plan other than the lowest priced plan, the employee shall pay the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan for employee or for employee and dependent coverage.

8.1.3 Effective December 26, 2010, the City will pay eighty-five percent (85%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage and the employee will pay fifteen percent (15%) of the premium for the lowest priced plan for employee or for employee and dependent coverage. If an employee selects a plan other than the lowest priced plan, the employee shall pay the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan for employee or for employee and dependent coverage.

HEALTHCARE HMO PLAN DESIGN

The City of San Jose and the POA entered into a Tentative Agreement on April 20, 2010. The parties mutually agree to amend the Tentative Agreement on the Healthcare HMO Plan Design as follows:

8.1.4 ~~Effective January 1, 2009, co-pays~~Co-pays for all available HMO plans shall be as follows:

a. Office Visit Co-pay: $10
b. Prescription Co-pay: $5 for generic and $10 for brand name (The Blue Shield HMO will continue to include $15 non-formulary drug co-pay.)
c. Emergency Room Co-Pay: $50

Effective January 1, 2011, co-pays for all available HMO plans shall be as follows:

a. Office Visit Co-pay shall be increased to $25.
b. Prescription Co-pay shall be increased to $10 for generic and $25 for brand name.
c. Emergency Room Co-pay shall be increased to $100.
d. Inpatient/Outpatient procedure copay shall be increased to $100

HEALTH AND/OR DENTAL IN LIEU

The City of San Jose and the POA entered into a Tentative Agreement on April 20, 2010. The parties mutually agree to amend the Tentative Agreement on the Health and/or Dental in lieu as follows:

8.3 Payment-in-Lieu of Health and/or Dental Insurance Program

8.3.1 The purpose of the payment-in-lieu of health and/or dental insurance program is to allow employees who have double health and/or dental insurance coverage to drop the City's insurance and receive a payment-in-lieu.

8.3.2 Employees who qualify for and participate in the payment-in-lieu of health and/or dental insurance program will receive fifty (50%) percent of the City's contribution toward his/her health and/or dental insurance at the lowest cost single or family plan if the employee is eligible for family coverage. The City will retain the remaining fifty (50%) percent of that contribution.

Effective December 26, 2010, employees who qualify for and participate in the payment in-lieu of health and/or dental insurance program will receive the following per payperiod:

	Health in-lieu	Dental in-lieu
If eligible for family coverage	$221.84	$19.95
If NOT eligible for family coverage	$89.09	$19.95

8.3.3 A City employee who receives healthcare coverage as a dependent of another City employee or retiree shall be deemed not eligible for family coverage.

8.3.~~4~~3 The payment-in-lieu of health and/or dental insurance program is available to full-time employees who are not on a reduced workweek or unpaid leave and have alternate group health and/or dental coverage. To qualify, an employee must provide proof of alternate group coverage to Human Resources. Alternate coverage must be acceptable by the City.

8.3.~~5~~4 Enrollment in the payment-in-lieu of health and/or dental insurance program can only be done during the first thirty (30) days of employment, during the annual open enrollment period or within thirty (30) days of a qualifying event (as defined in the Human Resources Benefit Handbook) occurring anytime during the year. Employees who fail to enroll in the payment-in-lieu program during the thirty (30)-day time limit after a qualifying event must wait until the next open enrollment period to enroll in the payment-in-lieu of insurance program. The employee may cancel enrollment in the payment-in-lieu of insurance program only during the annual open enrollment period unless the employee loses alternate group coverage. Enrollment or cancellation during the open enrollment period will become effective the first pay period of the following calendar year.

8.3.~~5~~6 Payments for the in-lieu insurance program will be discontinued if an employee becomes ineligible for the program. An employee's ineligible status would include, but not be limited to, the following situations: employment status changes from full to part time, employee is on an unpaid leave of absence, employee is on a reduced work week, or employee loses or does not have alternate insurance coverage. An employee whose in-lieu payments are discontinued may enroll, if eligible, in a health and/or dental plan during the next annual open enrollment period.

8.3.~~6~~7 If an employee loses alternate coverage, the employee may enroll in a City health and/or dental plan outside of the open enrollment period. To be eligible the employee must provide verification that alternate coverage has been lost.

8.3.~~6~~7.1 **HEALTH INSURANCE:** To enroll in a City health insurance plan following loss of alternate coverage, the employee must pay all unpaid premiums (City and employee contributions) and refund any excess in-lieu-payments required to make the coverage effective on the date when alternate coverage ceased. Re-enrollment in the plan shall be in accordance with the carrier's enrollment procedures.

8.3.~~6~~7.2 **DENTAL INSURANCE:** Enrollment in a City dental insurance plan following loss of alternate coverage will become effective the first of the month following payment of two dental premiums through the City's payroll process. Re-enrollment in the dental insurance plan shall not be retroactive.

HEALTHCARE DUAL COVERAGE

The City of San Jose and the POA entered into a Tentative Agreement on April 20, 2010. The parties mutually agree to amend the Tentative Agreement on the Healthcare Dual Coverage as follows:

8.1 Health Insurance Coverage

8.1.5 Effective January 1, 2011, an employee may not be simultaneously covered by City-provided medical benefits as a City employee, and as a dependent of another City employee.

8.2 Dental Plan

8.2.3 Effective January 1, 2011, an employee may not be simultaneously covered by City-provided dental benefits as a City employee, and as a dependent of another City employee.

ADDITIONAL RETIREMENT CONTRIBUTIONS

ONE-TIME ADDITIONAL RETIREMENT CONTRIBUTIONS

Effective June 27, 2010 through June 25, 2011, all employees represented by the POA will make an additional retirement contribution in the amount of 5.25% of pensionable compensation, and the amounts so contributed will be applied to reduce the contributions that the City would otherwise be required to make for the pension unfunded liability, which is defined as all costs in both the regular retirement fund and the cost-of-living fund, except current service normal costs in those funds. This additional employee retirement contribution would be in addition to the employee retirement contribution rates that have been approved by the Police & Fire Department Retirement Board. The intent of this additional retirement contribution by employees is to reduce the City's required pension retirement contribution rate by a commensurate 5.25% of pensionable compensation, as illustrated below:

Police and Fire Department Retirement (Police) (Fiscal Year 2010-2011)			
	City	Employee	Total
Current Contribution Rates	44.58%	15.57%	60.15%
Contribution Rates With Additional Employee Contributions	39.33%	20.82%	60.15%

Note: Additional contributions made by employees do not affect the retiree healthcare rates

TREATMENT OF ADDITIONAL EMPLOYEE CONTRIBUTIONS

These contributions shall be treated in the same manner as any other employee contributions. Accordingly, the intent of these additional payments will be made on a pre-tax basis through payroll deductions pursuant to IRS Code Section 414(h)(2) and will be subject to withdrawal, return and redeposit in the same manner as any other employee contributions.

IMPLEMENTATION OF ADDITIONAL RETIREMENT CONTRIBUTIONS AND MISSED CONTRIBUTIONS

It is the intent of the parties that the employees pay the entire annual amount of the additional retirement contributions for the 2010-2011 Fiscal Year. Since the additional employee contributions will not be implemented by June 27, 2010, when the additional employee contributions are implemented in the City's payroll system the Finance Department will compute the rate that will generate the total amount of additional retirement contributions over the remaining pay periods in the fiscal year as if the contribution rate had been implemented on June 27, 2010.

For example, if the additional contributions do not begin until August 22, 2010 (pay period #18) the additional employee contributions for each of the subsequent pay periods in the 2010-2011 Fiscal Year will be recalculated by the Finance Department so that 100% of the additional employee contributions are made by the end of the fiscal year.

The parties understand that in order to implement this provision, an amendment must be made to the Police & Fire Department Retirement Plan that requires an ordinance amending the San Jose Municipal Code. In addition, the parties understand that the City will request that the Police & Fire Department Retirement Board have its actuary confirm that an increase of the employee contribution will reduce the City's contribution rate by a commensurate amount.

CONTINGENCY PROVISION

In the event that the additional employee retirement contributions described above are not implemented for any reason by October 1, 2010, or the Police & Fire Department Retirement Board's actuary concludes that the City's contribution rate could not be reduced by a commensurate amount, the equivalent amount of total compensation shall be taken as a base pay reduction and will increase on a pro-rata basis over the remaining pay periods in the fiscal year to achieve the equivalent total compensation reduction.

In the event that the additional employee retirement contributions described above are ceased for any reason thereafter, or the Police & Fire Department Retirement Board's actuary concludes that the City's contribution rate could not be reduced by the commensurate amount after beginning such deductions, the equivalent amount of total compensation shall be taken as a base pay reduction.

NO LAYOFFS DURING FISCAL YEAR 2010-2011

ARTICLE 1

1.2 Effective July 1, 2010 through June 30, 2011, there shall be no layoffs of positions represented by the POA. Although there shall be no layoffs during this period, the parties understand that the Fiscal Year 2010-2011 Budget includes the elimination of positions represented by the POA.

For purposes of this section, layoff shall be defined as involuntarily leaving City employment due to budget reductions.

Any positions restored through one-time savings will restore positions for Fiscal Year 2010-2011 only. These positions will be eliminated on June 30, 2011.

UNIFORM ALLOWANCE

ARTICLE 9 UNIFORM ALLOWANCE

~~9.1 The City shall provide a uniform allowance in the amount of $675.00 per calendar year included on an employee's regular payroll check. This amount will be prorated for employees who work less than a full year. For calendar year 2008, $675 shall be paid in January 2009.~~

9.2 ~~Effective the first pay period of payroll calendar year 2009, E~~employees shall receive a uniform allowance not to exceed $675 annually. Payment shall be made during the first two pay periods of each month, in the amount of $28.12 per biweekly pay period. If an eligible employee is on unpaid leave for a period of one (1) full pay period or more, the employee will not receive uniform allowance pay for that period. Effective September 5, 2010 through June 25, 2011, employees shall be ineligible to receive uniform allowance payments.

9.3 In the event new classifications are established during the term of this Agreement and assigned to Representation Units 011, 012 and 013 which consist solely of sworn personnel, such employees shall be paid an annual uniform allowance in accordance with the provisions of this Section.

9.4 The City agrees to pay the prorated cost of replacement or repair for uniforms damaged in the ordinary course of performance of regular job duties. Schedules adopted by the City for such reimbursement shall be kept reasonably current.