



# Memorandum

**TO:** HONORABLE MAYOR AND  
CITY COUNCIL

**FROM:** Alex Gurza

**SUBJECT:** SEE BELOW

**DATE:** December 21, 2011

Approved

Date

12/21/11

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

## RECOMMENDATION

Adoption of a resolution to approve the terms of a collective bargaining agreement between the City and the San Jose Police Officers' Association (SJPOA) for the term of July 1, 2011 to June 30, 2013, and authorizing the City Manager to execute an agreement.

## OUTCOME

Adoption of the resolution and authorization to execute an agreement would result in a collective bargaining unit agreement between the City of San Jose and the San Jose Police Officers' Association (SJPOA) for the term of July 1, 2011 to June 30, 2013.

## BACKGROUND

In November 2010, the City Council in open session approved a goal of reducing the total ongoing employee compensation for all City employees by ten percent (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.

In addition to the 10% ongoing total compensation reduction approved in November 2010, the City Council approved direction to achieve the following reforms: retirement reform, including 2<sup>nd</sup> tier pension and retiree healthcare benefits for new hires; options for current employees; SRBR or "13<sup>th</sup> Check;" sick leave payout; disability leave supplement; and compensation structure.

The San Jose Police Officers' Association represents approximately 1,085 full time budgeted positions. This bargaining unit includes employees in the classifications of Police Officer, Police Sergeant, Police Lieutenant, Police Captain and Deputy Chief of Police.

The City commenced negotiations for a successor Memorandum of Agreement (MOA) with the SJPOA in January 2011. The City and the SJPOA reached a Tentative Agreement on June 3, 2011, that achieves a 10% total compensation reduction and includes agreements to continue negotiations on other reforms, including retirement and sick leave payout. The Agreement was ratified by the membership and approved by the City Council on June 14, 2011.

The Agreement reached on June 3, 2011, included a 10% wage reduction beginning June 26, 2011. The City contended that the 10% base pay reduction should be ongoing, while the SJPOA contended that it should cease effective June 23, 2012. Because there was no agreement on this issue, the issue of whether or not the 10% reduction should be ongoing or one-time would be submitted to binding interest arbitration under Charter Section 1111. The parties further agreed that in accordance with Charter Section 1111, the last offer of settlement for the SJPOA in arbitration would be that the 10% reduction be one-time, expiring on June 23, 2012, and the City's last offer of settlement would be that the 10% is on-going and continues until modified in future negotiations or arbitration. If the arbitration panel awarded the 10% as one-time, the term of the agreement would be one year and expire on June 30, 2012. If the arbitration panel awarded the 10% ongoing, the term of the agreement would be two years and expire on June 30, 2013. Lastly, the parties agreed to proceed to arbitration immediately so that an arbitration award can be issued no later than the end of calendar year 2011. If for any reason a decision from the arbitration panel was not received by June 23, 2012, the 10% reduction would continue until a final award was issued.

As required by Charter Section 1111, the arbitration panel, a retired judge of the Superior Court, a representative selected by the City and a representative selected by the POA were scheduled to commence the binding interest arbitration hearings on December 12, 2011. However, the parties reached an agreement that avoided interest arbitration.

## **ANALYSIS**

A complete copy of the Tentative Agreement is attached. The following is a summary of the key provisions:

<b>Term</b>	July 1, 2011 – June 30, 2013.
<b>Wages</b>	Effective June 26, 2011, all salary ranges for employees represented by the POA were decreased by approximately 10%. The 10% wage reduction shall remain the "status quo" unless and until it is modified through mutual agreement or through the decision of an arbitrator pursuant to Section 1111 of the San Jose City Charter.
<b>Interest Arbitration</b>	The parties agree that the issues of any successor agreement should be resolved prior to the expiration of the MOA (June 30, 2013). <ul style="list-style-type: none"><li>• The parties will begin negotiations no later than January 1, 2013.</li><li>• In the event no agreement is reached prior to April 30, 2013, the parties shall begin interest arbitration under Section 1111 no later than May 1,</li></ul>

2013, and the arbitrator shall issue a decision no later than May 31, 2013.

- The parties shall preselect the arbitrator, who shall certify his or her ability to meet the timelines indicated above, and shall complete or wave mediation before April 30.

If the City Council exercises its prerogative to place a ballot measure eliminating interest arbitration on the ballot, the parties shall immediately begin negotiations. Interest arbitration shall be scheduled to begin no later than 30 days prior to the effective date of the ballot measure and the arbitration award shall be issued before the measure's effective date.

In addition, the Side Letters regarding retirement reform, sick leave payout, layoffs and the Supplemental Retiree Benefit Reserve (SRBR), and all other terms that were achieved in June 2011, would continue.

#### **EVALUATION AND FOLLOW-UP**

None.

#### **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 January 10, 2012, City Council Agenda.

#### **COORDINATION**

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

**COST IMPLICATIONS**

Because the 2012-2013 Preliminary General Fund Forecast released in November 2011 assumed the ongoing nature of the 10% total compensation reduction approved in 2011-2012, the terms of the Tentative Agreement avoids additional costs of approximately \$22 million in the General Fund in 2012-2013.

**CEQA**

CEQA: Not a Project, File No. PP10-069(b), Personnel Related Decisions.



Alex Gurza  
Deputy City Manager

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

Attachment

**City of San Jose  
and  
San Jose Police Officers' Association**

**Tentative Agreement on Wages and Term  
December 7, 2011**

The following represents the Parties' agreement to settle the terms of the interest arbitration provided for in Section 5.1 of the June 3, 2011, Tentative Agreement between the parties.

1. **Wages.** Effective June 26, 2011, all salary ranges for employees represented by the POA were decreased by approximately 10%. This resulted in the top and bottom of the range of all classifications represented by the POA being 10% lower. The parties agree that the 10% wage reduction shall remain the "status quo" unless and until it is modified through mutual agreement or through the decision of an arbitrator pursuant to Section 1111 of the San Jose City Charter.
2. **Term.** The term of the POA MOA will be two years and shall expire on June 30, 2013.
3. **Interest Arbitration.**
  - a. The parties agree that the issues of any successor agreement should be resolved prior to the expiration of the MOA (June 30, 2013). To that end, the parties agree
    - i. The parties will begin negotiations no later than January 1, 2013.
    - ii. In the event that no agreement has been reached prior to April 30, 2013, the parties shall begin interest arbitration under Section 1111 no later than May 1, 2013, and the arbitrator shall issue a decision no later than May 31, 2013.
    - iii. The parties shall preselect the arbitrator, who shall certify his or her ability to meet the timelines indicated above, and shall complete or waive mediation before April 30.
  - b. If the City Council exercises its prerogative to place a ballot measure eliminating interest arbitration on the ballot, the parties shall immediately begin negotiations. Interest arbitration shall be scheduled to begin no later than thirty (30) days prior to the effective date of the ballot measure and the arbitration award shall issue before the measure's effective date.
4. **Limitations.** This tentative agreement is intended to apply only to the specific terms in this agreement and shall not affect any other terms of the MOA or its side letters, including agreements to reopen on specific topics.

*This agreement is still considered tentative and shall not be considered final or binding until ratified by the membership and approved by the City Council. This document sets forth the full agreement of the parties reached during these negotiations. Anything not included in this document is not part of the Tentative Agreement.*

For the City:



December 7, 2011

For the Association:



December 7, 2011