

**SENT VIA EMAIL**

April 26, 2012

Vera Todorov  
President  
Association of Legal Professionals  
c/o City Attorney's Office  
200 E. Santa Clara Street  
San Jose, CA 95113

**RE: Last, Best, and Final Offer**

Dear Vera:

We are in receipt of ALP's response to the City's Last, Best, and Final Offer, dated April 20, 2012. While the City does not agree with several of ALP's assertions, not wishing to breach the confidentiality of mediation - as ALP has done in its letter - we will primarily address our concerns regarding the portrayal of pre-mediation negotiations.

The City and ALP commenced negotiations regarding retirement reform on August 11, 2011. The City provided several proposals related to retirement issues. Specifically on the issues of pension and retiree healthcare benefits for Tier 2 new employees, healthcare, retirement service credit and Supplemental Retiree Benefit Reserve (SRBR). These proposals may be viewed on the City's website at:

- <http://www.sanjoseca.gov/employeeRelations/retirementreform/RetirementReformProposals/ALP/CityProposalToALP-RetirementBenefitsForNewEmployeesDated08.11.11.pdf>
- <http://www.sanjoseca.gov/employeeRelations/retirementreform/RetirementReformProposals/ALP/CityProposalToALP-RetireeHealthcareForNewEmployeesDated08.11.11.pdf>
- <http://www.sanjoseca.gov/employeeRelations/retirementreform/RetirementReformProposals/ALP/CityProposalToALP-SRBRDated08.11.11.pdf>
- <http://www.sanjoseca.gov/employeeRelations/retirementreform/RetirementReformProposals/ALP/CityProposalToALP-RetirementServiceCreditDated08.11.11.pdf>
- <http://www.sanjoseca.gov/employeeRelations/retirementreform/RetirementReformProposals/ALP/CityProposalToALP-HealthcareCostSharingDated08.11.11.pdf>

No proposals were received from ALP.

The City and ALP met again on September 28, 2011, regarding retirement reform negotiations. The City provided additional proposals related to retirement issues. Specifically on the issues of Medicare Part A and B enrollment, as well as a second proposal regarding pension and retiree healthcare benefits for Tier 2 new employees. These proposals may be viewed on the City's website at:

- <http://www.sanjoseca.gov/employeeRelations/retirementreform/RetirementReformProposals/ALP/CityProposalToALP-MedicarePartAAndBDated09.28.11.pdf>
- <http://www.sanjoseca.gov/employeeRelations/retirementreform/RetirementReformProposals/ALP/CityProposalToALP-PensionBenefitsForNewEmployeesDated09.28.11.pdf>
- <http://www.sanjoseca.gov/employeeRelations/retirementreform/RetirementReformProposals/ALP/CityProposalToALP-RetireeHealthcareBenefitsForNewEmployeesDated09.28.11.pdf>

The City and ALP engaged in an additional 7 negotiation sessions on or around and between October 14, 2011 and November 7, 2011, during which the City continued providing proposals and discussing the City's interests and intent behind the initial and subsequent proposals provided during these retirement reform negotiations. Throughout these negotiations, the City only received one counter-proposal from ALP, on October 14, 2011, which countered the City's proposal regarding SRBR and rejected all other City proposals.

On November 17, 2011, the City provided written notification to ALP regarding the City's declaration of impasse on the issues of pension and retiree healthcare benefits for Tier 2 new employees, healthcare and Medicare Part A and B enrollment. The City offered to participate in mediation on these issues and ALP agreed. Mediation with ALP commenced on November 17, 2011. Unfortunately, even after seven mediation sessions through February 13, 2012, the parties were unable to reach an agreement.

Please let me know if you have any additional questions. As a reminder, please be advised that the City has placed the Last, Best and Final Offer dated April 16, 2012, on the City Council agenda for approval in open session on May 1, 2012.

Sincerely,



Gina Donnelly  
Deputy Director of Employee Relations

c: Debra Figone, City Manager  
Richard Doyle, City Attorney