



# SAN JOSE POLICE OFFICERS' ASSOCIATION

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December 1, 2011

## VIA EMAIL AND REGULAR MAIL

Alex Gurza  
Deputy City Manager  
City of San Jose  
200 E Santa Clara St  
San Jose, CA 95113

### Re: Revised SJPOA Retirement Proposal

Dear Mr. Gurza:

The SJPOA and Local 230 submitted a revised retirement proposal to the City on November 8, 2011. We proposed a three-tier model to incorporate the savings we had promised under our CalPERS model, but realized under the San Jose Police and Fire Retirement System. Additionally, we agreed to support a joint City-labor ballot proposition implementing our proposal.

Notwithstanding that we have had no response to that proposal or to our request to return to the bargaining table, the SJPOA today proposes to reinstate the retirement plan provision in place prior to 1997 as a second-tier that will be available to active employees who opt to participate in it and to new hires. This proposal should be considered in tandem with the one filed earlier today by our brothers and sisters at Local 230.

Benefit	Tier 1 (Actives)	Tier II (Opt-In and New Hires)
Max Benefit	Status Quo	75%
Accrual Rate	2.5% / 4% per year	2.5% per year
Age/Years of Service	25 years @ age 50 20 years @ age 55 30 years any age	25 years @ age 50 20 years @ age 55 30 years any age
FAS Calculation	12 Months Final Average Salary	36 Months Final Average Salary
COLA	3%	CPI-U 3% with Banking Feature
Normal Cost (8/3 split) (No Need for Charter Change)	Status Quo	Status Quo
Unfunded Liability	Status Quo	Status Quo
SRBR	Convert to GPP*	Convert to GPP*
Sick Leave Payout	Status Quo	Convert to Service Time

Alex Gurza  
 Re: Revised SJPOA Retirement Proposal  
 December 1, 2011  
 Page 2

Benefit	Tier 1 (Actives)	Tier II (Opt-In and New Hires)
Retiree Health Care Pre-Funding	1 Year Diversion Proposal	1 Year Diversion Proposal
Disability Reform	"Long Beach Model" Worker's Compensation Dispute Resolution Process	"Long Beach Model" Worker's Compensation Dispute Resolution Process
Health Care for Actives	Status Quo	100% LPP Single Coverage for new hires (status quo for actives)

\*Guaranteed Purchasing Power (GPP): Transition from SRBR benefit to GPP estimated to save 6 million annually.

We reiterate that a critical element of the proposal remains the SJPOA's proposing to forego proceeding to the pending interest arbitration concerning the duration of the ten-percent wage reduction and the term of the Memorandum of Agreement (recently agreed to by the SJPOA and the City concerning all non-retirement terms and conditions of employment), if the City accepts the unions' joint retirement proposal. In other words, should the City agree to our retirement proposal, the SJPOA will agree that the MOA is of a two-year duration and that the 10% wage reduction does not sunset.

Furthermore, the opt-in contained in the above table would replace the SJPOA-only opt-in plan in the Memorandum of Agreement (recently agreed to by the SJPOA and the City concerning all non-retirement terms and conditions of employment).

We believe this proposal goes a long way towards reducing the City's retirement costs going forward—perhaps the single greatest priority that your bargaining representatives explained to us throughout our summer of bargaining. We think that this proposal has strong "win-win" potential, and we encourage the City to send its negotiators back to the table to try to reach a bilateral accord on how to maximize the number of active employees who opt into Tier II, as described in the table. Additionally, the parties should return to the table to discuss the impact of the significantly reduced City pension obligation for FY 2013 as contained in the Cheiron Report, as adopted today by the Retirement Board.

As challenging as these discussions have been on both sides, we believe that developments in the last 48-hours, and particularly these revised proposals from Police and Fire offer a great opportunity to resolve these issues collaboratively.

Very truly yours,

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Jim C. Unland, President

Alex Gurza  
Re: Revised SJPOA Retirement Proposal  
December 1, 2011  
Page 3

cc: John R. Tennant, General Counsel  
Gregg McLean Adam, Esq.