

# San Jose Police Officers and Fire Fighters



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San Jose, CA 95112  
Phone #(408) 298-1133

425 E. Santa Clara St.  
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November 11, 2011

Alex Gurza, Deputy City Manager  
City of San Jose - Office of Employee Relations  
200 E. Santa Clara Street  
San Jose, CA 95113

**RE: Retirement Reform**

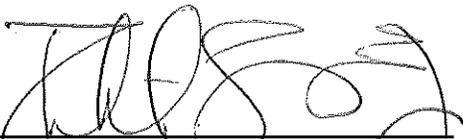
Dear Alex:

Please find the attached revised Proposal and Proposal Addendum.

In the proposal you will find some modifications including a lawful and cost saving proposal to address the SRBR in Tier I, and in the addendum to the proposal, you will find a proposal to ensure that critical public safety services are preserved and/or restored in 2012-13. Please note that the addendum to the proposal expires on November 17, 2011.

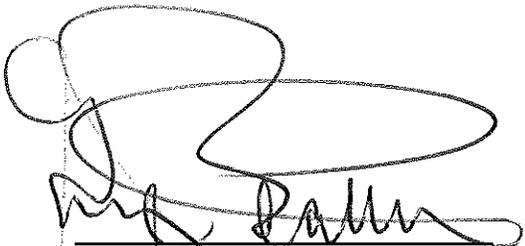
We look forward to seeing you and your team in mediation on Tuesday, November 15, and 1:30 p.m. at the SJPOA offices.

Thank you,



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Robert Sapien, Jr., President  
San Jose Firefighters, IAFF Local 230



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George Beattie, President  
San Jose Police Officers Association



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## SAN JOSE POLICE OFFICERS ASSOCIATION AND SAN JOSE FIREFIGHTERS, IAFF LOCAL 230 RETIREMENT REFORM PROPOSAL

[As Amended, November 11, 2011]

### TIER III: RETIREMENT BENEFITS FOR NEW EMPLOYEES

#### I. Pension Formula 2.0% @ 50 for Local Safety Members CALPERS Section 21362

The pension benefit for eligible employees hired on or after July 1, 2012, shall be administered by CalPERS and be entered into their Section 21362 2% @ 50 Full Formula. This formula provides to local safety members 2% of pay at age 50 for each year of service credited with that employer. The percent per year of service gradually increases for each age attained from 2% at age 50 to 2.7% at age 55+. Local safety members subject to the 2% @ 50 Full Formula contribute 9% of reportable earnings.

Local safety members who retire after the effective date of the contract amendment will be subject to this formula. The total allowance for service retirement under the 2% @ 50 formula cannot exceed 90% of final compensation.

#### II. Annual Cost of Living Allowance Increase - COLA Section 21335

Allowances for retired members are currently covered by an annual 2.0% maximum cost-of-living increase provided the Consumer Price Index (CPI) factor increases at least 2.0%.

For example: COLA for retired members shall be based on an annual Consumer Price Index (CPI) factor with a 2.0% maximum cost-of-living increase, whichever is lower.

#### III. Final Average Salary

The period for determining the average monthly pay rate when calculating retirement benefits will be from the highest paid consecutive 36 months.

#### IV. Post Retirement Survivor Allowance: Sections 21624, 21626, 21628

Upon the death of a member after retirement, an allowance shall be continued to the surviving spouse or domestic partner. A "surviving spouse or domestic partner" means for service retirements subject to this section, a husband or wife who was married to or a

domestic partner who was registered as a domestic partner with the member at least one year prior to the member's retirement and continuously to the date of the retired member's death and for disability retirements subject to this section, a husband or wife who was married to or a domestic partner who was registered as a domestic partner with the member on the date of his or her retirement and continuously to the date of his or her death.

If there is no surviving spouse or domestic partner, or if the spouse or domestic partner later dies, the allowance shall be continued to the eligible unmarried children collectively until all have reached age 18. Eligible children include disabled children over age 18 if the disability begins prior to age 18. If there is no surviving spouse or domestic partner or eligible child or children, the benefit would be paid to the surviving parent or parents of the deceased member who were dependent upon the member for support. If, at effective date of retirement, the member has no surviving spouse, domestic partner, eligible children, or dependent parents and elected an optional settlement, no allowance under this section shall be paid.

The allowance payable to the survivor(s) of a member who retires after the employer includes Sections 21624, 21626 and 21628 in its contract is determined as follows:

- a. One-quarter of the retired member's unmodified allowance based on service subject to the modification for Social Security; or
- b. One-half of the retired member's unmodified allowance based on service not subject to the modification for Social Security.

In accordance with Section 21628, the allowance payable to a retired member who chose Option 2, 3, or 4, or the beneficiary of such retirees shall be increased by 15%. For retirees who chose the Unmodified Allowance or Option 1, there is no increase in the retirement allowance but their eligible survivor(s) would receive the post-retirement survivor allowance upon the retired member's death.

Sections 21624, 21626 and 21628, all together, are applicable, by amendment, to contracting agencies. Sections 21624 and 21626 only are available to new contracting public agencies.

#### **V. Improved Nonindustrial Disability Allowance for Local Safety Members Section 21427**

The disability retirement allowance of a local miscellaneous and local safety member would be raised to 30% of final compensation for the first five years of service credit, plus 1% for each additional year of service to a maximum of 50% of final compensation.

If the member is under age 60, the disability retirement allowance cannot be more than the service retirement allowance would be if the member were to continue in employment and retire at age 60. If the regular disability retirement allowance is greater than the improved disability allowance, CalPERS will pay the greater amount. This section shall apply only to members who retire for disability on and after the date the agency elects to be subject to this section.

#### **VI. Credit Unused Sick Leave to Service Credit Section 20965**

Unused accumulated sick leave at time of retirement may be converted to additional service credit at the rate of 0.004 year of service credit for each day of unused sick leave

(i.e., 250 days of sick leave equals one additional year of service credit).

The City of San Jose will report only those days of unused sick leave that were accrued by the member during the normal course of employment. Additional days of unused sick leave reported for the purpose of increasing the member's retirement benefit are prohibited. This benefit will not increase the maximum percentage allowable.

#### **VII. Employees Sharing Cost of Additional Benefits Section 20516**

San Jose Police Officers and San Jose Firefighters eligible for this benefit shall contribute an additional 1.0% toward retirement contribution to lower the cost of the City's pension payments. This additional 1.0% shall be credited to each member's normal cost, for a maximum of 10.0% employee contribution towards pension normal cost.

This benefit allows a contracting agency or an agency that initially contracts with CalPERS to share the cost of additional retirement benefits with the employees as a result of a written agreement with the employee group.

No additional valuation is required if one has already been done for the additional retirement benefits whose cost is to be shared. The employer's rate will simply be reduced by the agreed upon percentage cost sharing.

There are two methods of requesting an actuarial study:

1. If the agreement with the employees specifies a definite percentage increase in the employee rate, such as 1.0%, 2.0%, etc., the valuation can be done on that basis.
2. If the agreement with the employee group is indefinite, the agency may wish to request several valuations, with the employees paying 0.5%, 1.0%, 1.5%, etc.

There are several points to be emphasized:

1. This provision requires that the employer and the employees agree in writing to share the cost of the applicable benefits.
2. The increase in the member contribution rate will be effective as of the effective date of the amendment to the contract. To reduce the percentage the employees have agreed to cost share at a later date, the agency will need to request an amendment to the contract.
3. The increased member contributions will be credited to each member's account as normal contributions and will be included in the refund of accumulated contributions to members who separate from CalPERS covered employment and elect to withdraw their contributions.
4. Some of the optional benefits available, such as 1959 Survivor Benefits and Post-Retirement Survivor Allowance, may not be applicable to all employees. However, if the agency includes such benefits in conjunction with Section 20516, the contribution rate would increase for all employees in the applicable member group.
5. It is also possible to share the cost of formulas other than the minimum formulas, which are the 2% @ 60 for local miscellaneous and the 2% @ 55 for local safety members.

Section 20516 also permits an employer to make an independent agreement with its employees to share the cost of any optional benefit without requiring an amendment to the contract. Any such agreement in a memorandum of understanding, which is inconsistent with this section, shall not be a part of the contract between the agency and this system.

#### **VIII. Military Service Credit 21024**

(a) "Public service" with respect to a local member, other than a school member, also means active service with the Armed Forces or the Merchant Marine of the United States, including time during any period of rehabilitation afforded by the United States government other than a period of rehabilitation for purely educational purposes, and for six months thereafter prior to the member's first employment by the employer under this section in which he or she was a member.

(b) Any member electing to receive credit for that public service shall make the contributions as specified in Sections 21050 and 21052. However, any eligible member who requests costing of service credit between January 1, 2001, and December 31, 2003, may, instead of making those contributions, make the payment calculated under this article as it read on December 31, 2000, which payment shall be made in the manner described in Section 21050.

(c) The public service under this section shall not include military service (1) in any period for which credit is otherwise given under this article or Article 4 (commencing with Section 20990) or (2) to the extent that total credit under this section would exceed four years.

(d) Notwithstanding Section 21034, a member may select which of two or more periods of service entitles him or her to receive public service under this section.

(e) This section shall apply to a member only if he or she elects to receive credit while he or she is in state service in the employment of one employer on or after the date of the employer's election to be subject to this section.

(f) This section shall not apply to any contracting agency nor to the employees of any contracting agency until the agency elects to be subject to this section by amendment to its contract made in the manner prescribed for approval of contracts or in the case of contracts made after this section takes effect, by express provision in the contract making the contracting agency subject to this section. The amendments to this section made during the second year of the 1999–2000 Regular Session shall apply to contracts subject to this section on January 1, 2001.

#### **IX. Fourth Level of 1959 Survivor Benefits Section 21574**

This benefit provides a higher level of 1959 Survivor Benefits to survivors of a member who dies prior to retirement. The benefit is paid in addition to the Basic Death Benefit, the 1957 Survivor Benefit, or, if applicable, the Pre-Retirement Optional Settlement 2 Death Benefit but would be reduced by the amount of the Special Death Benefit, if payable. Concurrent coverage under this section and Social Security is prohibited, but an agency may provide the benefit for the full formula members of a divided miscellaneous member group. For agencies first contracting for the 1959 Survivor Program, members in employment prior to the effective date of the amendment may elect not to be covered, however, participation is required for all future hires that are not covered under Social Security (Section 21577).

A spouse or domestic partner is eligible if he or she (1) has care of eligible children, or (2) is age 60 or older. Children are eligible if under age 22 and unmarried or disabled regardless of age.

The monthly allowance payable to eligible survivors under this section is as follows:

- Spouse or domestic partner with two or more eligible children;  
or three or more eligible children only ..... \$2,280
- Spouse or domestic partner with one eligible child; or two eligible children only ... \$1,900
- One eligible child only; or surviving spouse or domestic partner at age 60 or older;  
or dependent parents ..... \$950

The normal cost for public agencies contracting or amending to provide the Fourth Level will be calculated based on the term insurance funding method. This rate will be calculated on the pool experience rather than individual employer experience. The actual employer cost for agencies currently providing 1959 Survivor Benefits who amend to provide the Fourth Level will vary depending upon each agency's 1959 Survivor funding level.

If there is a deficit in the agency's 1959 Survivor funding (an unfunded accrued liability) based on the Fourth Level benefit, this unfunded liability and the five years of employer normal costs shall be amortized and paid for over a period of five years, the first payment billed in June and due in July following the effective date of the amendment and the remaining four payments due by July 15, of each following year. If there is a surplus in the agency's 1959 Survivor funding, the surplus shall be amortized and used to offset the five years of employer normal costs.

At the end of the first five years, employers in the Fourth Level pool will pay only the pool's net premium.

An operative date for this benefit is established at the time of amendment.

**X. Alternate Death Benefit for Local Fire Members Credited with 20 or More Years of Service Section 21547.7**

The surviving spouse, domestic partner or eligible children of a deceased firefighter member, who is credited with 20 or more years of CalPERS covered service and whose death occurs while in the employ of a local agency contracting for this benefit, may elect to receive the Alternate Death Benefit in lieu of the lump sum Basic Death Benefit or the 1957 Survivor Benefit. If the member had not attained minimum retirement age at the time of death, the Alternate Death Benefit is calculated based on the member's total service credit with all employers (including the service credit earned while in the employ of the agency contracting for this benefit) as though the member had retired at age 50 and elected Option 2W. Option 2W provides the highest monthly allowance to a beneficiary.

If the member had attained minimum retirement age at the time of death, the benefit is calculated as though the member retired on the date of death (from the employing agency and all previous CalPERS covered employers) and elected Option 2W. If the deceased firefighter had not attained the minimum retirement age at death and had service credit with previous CalPERS agencies, the cost of the Alternate Death Benefit will be the liability of the employing agency, except for a partial offset of costs resulting from a transfer of the member's contributions from all previous employers to the employing agency. The increase in liability not offset by this transfer will be paid by the

agency contracting for this benefit and employing the member on the date of his/her death. If the deceased firefighter had attained minimum retirement age at death, the increased cost of the benefit (regardless of whether the member has service credit with another CalPERS employer) is the liability of the agency contracting for this benefit and employing the member on the date of his/her death.

#### **XI. Supplemental Retiree Benefit Reserve**

The Supplemental Retiree Benefit Reserve (SRBR) will be closed to all participatory members in the TIER III retirement plan.

#### **XII. Retiree Health Care**

An eligible full time employee who is hired on or after July 1, 2012, shall be eligible to receive 50% of the contribution towards the lowest cost premium for a non-deductible medical insurance plan, single coverage. Provided if the employee meets the following criteria:

1. Has completed at least twenty (20) years of retirement service credit in the CalPERS retirement plan.

#### **XIII. Disability Retirees Health Care**

An eligible full time employee who is hired on or after July 1, 2012, and is granted a service connected disability retirement shall be eligible to receive 50% of the contribution towards the lowest cost single non - deductible medical insurance plan regardless of years of service.

#### **XIV. Non-Duplication of Benefits**

A retiree may not be simultaneously covered by City sponsored plan-provided medical benefits as a retiree, and as a dependent of another City retiree or City employee.

#### **XV. Retiree Dental Insurance**

An eligible full time employee who is hired on or after July 1, 2012, shall be eligible to receive 50% of the contribution towards the lowest cost single non - deductible dental insurance plan. Provided if the employee meets the following criteria:

1. Has completed at least twenty (20) years of retirement service credit in the CalPERS retirement plan.

An eligible full time employee who is hired on or after July 1, 2012, and is granted a service connected disability retirement shall be eligible to receive 50% of the contribution towards a single non-deductible dental insurance plan regardless of years of service.

#### **XVI. Surviving Dependents - Employee killed in the line of duty**

Surviving dependents of an employee killed in the line of duty shall be eligible to receive 50% of the contribution towards the lowest cost single non - deductible medical and dental insurance plan.

## **XVII. Retiree Health Care Pre-Funding**

The City and the Union agree to continue to pre-fund the fire and police retiree medical and dental healthcare benefits as described in both of the current the SJPOA and IAFF Local 230 memorandum of agreements.

### **TIER II: VOLUNTARY RETIREMENT BENEFITS ELECTION FOR CURRENT EMPLOYEES**

On or before March 1, 2012 active employees shall make a voluntary irrevocable decision to have CalPERS administer their pension benefits beginning July 1, 2012. Any employee hired between March 1, 2012 and June 30, 2012 shall have TIER II pension benefits.

#### **I. Pension Formula 3.0% @ 55 For Local Safety Members Section 21363.1**

This formula provides to local safety members 3% of pay at age 55 for each year of service credited with that employer. For members who retire earlier, the percentage of pay is reduced to 2.400% at age 50, which gradually increases for each attained age to 3% at age 55+. Local safety members subject to the 3% @ 55 Full or Supplemental formulas contribute 9% of reportable earnings. Those covered under the 3% @ 55 Modified formula (coordinated with Social Security) contribute 9% of reportable earnings in excess of \$133.33. (A formula change affecting the members' contribution rate requires an election of the affected members.)

Local safety members who retire after the effective date of the contract amendment will be subject to this formula. The total allowance for service retirement under the 3% @ 55 formula cannot exceed 90% of final compensation.

#### **II. Cost of Living Allowance - COLA Section 21335**

Allowances for retired members of the TIER II retirement plan shall be an annual 3.0% maximum cost-of-living increase provided the Consumer Price Index (CPI) factor increases at least 3.0%.

#### **III. Final Average Salary**

The period for determining the average monthly pay rate when calculating retirement benefits will be from the highest paid consecutive 36 months.

#### **IV. Post Retirement Survivor Allowance: Sections 21624, 21626, and 21628**

Upon the death of a member after retirement, an allowance shall be continued to the surviving spouse or domestic partner. A "surviving spouse or domestic partner" means for service retirements subject to this section, a husband or wife who was married to or a domestic partner who was registered as a domestic partner with the member at least one year prior to the member's retirement and continuously to the date of the retired member's death and for disability retirements subject to this section, a husband or wife who was married to or a domestic partner who was registered as a domestic partner with the member on the date of his or her retirement and continuously to the date of his or her death.

If there is no surviving spouse or domestic partner, or if the spouse or domestic partner later dies, the allowance shall be continued to the eligible unmarried children collectively until all have reached age 18. Eligible children include disabled children over age 18 if the disability begins prior to age 18. If there is no surviving spouse or domestic partner or eligible child or children, the benefit would be paid to the surviving parent or parents of the deceased member who were dependent upon the member for support. If, at effective date of retirement, the member has no surviving spouse, domestic partner, eligible children, or dependent parents and elected an optional settlement, no allowance under this section shall be paid.

The allowance payable to the survivor(s) of a member who retires after the employer includes Sections 21624, 21626 and 21628 in its contract is determined as follows:

- a. One-quarter of the retired member's unmodified allowance based on service subject to the modification for Social Security; or
- b. One-half of the retired member's unmodified allowance based on service not subject to the modification for Social Security.

In accordance with Section 21628, the allowance payable to a retired member who chose Option 2, 3, or 4, or the beneficiary of such retirees shall be increased by 15%. For retirees who chose the Unmodified Allowance or Option 1, there is no increase in the retirement allowance but their eligible survivor(s) would receive the post-retirement survivor allowance upon the retired member's death.

Sections 21624, 21626 and 21628, all together, are applicable, by amendment, to contracting agencies. Sections 21624 and 21626 only are available to new contracting public agencies.

#### **V. Improved Nonindustrial Disability Allowance for Local Safety Members Section 21427**

The disability retirement allowance of a local miscellaneous and local safety member would be raised to 30% of final compensation for the first five years of service credit, plus 1% for each additional year of service to a maximum of 50% of final compensation.

If the member is under age 60, the disability retirement allowance cannot be more than the service retirement allowance would be if the member were to continue in employment and retire at age 60. If the regular disability retirement allowance is greater than the improved disability allowance, CalPERS will pay the greater amount. This section shall apply only to members who retire for disability on and after the date the agency elects to be subject to this section.

#### **VI. Eliminate Sick Leave Payoff**

Provisions for sick leave payoff shall be eliminated in SJPOA and IAFF Local 230 Memorandums of Agreements.

#### **VII. Credit Unused Sick Leave to Service Credit Section 20965**

In exchange for eliminating Sick Leave Payoff the following Credit for Unused Sick Leave Service Credit Provisions shall apply for up to 1 year of all unused sick leave hours. Either (two-thousand eighty) 2,080 hours for 40 hour per week employee or 2,912 (two-thousand nine hundred twelve) hours for 56 hour per week employee. Sick

leave hours may be accrued beyond 1 year of service time either (two-thousand eighty) 2,080 hours for 40 hour per week employee or 2,912 (two-thousand nine hundred twelve) hours for 56 hour per week employee but will be forfeited upon retirement.

Unused accumulated sick leave at time of retirement may be converted to additional service credit at the rate of 0.004 year of service credit for each day of unused sick leave (i.e., 250 days of sick leave equals one additional year of service credit).

The City of San Jose will report only those days of unused sick leave that were accrued by the member during the normal course of employment. Additional days of unused sick leave reported for the purpose of increasing the member's retirement benefit are prohibited. This benefit will not increase the maximum percentage allowable.

- With respect to this Fire/POA sick leave proposal, if any law is enacted (via legislation, ballot proposition, or the like) that negatively affects (from a financial perspective) the conversion of sick leave to service credit under this proposal, then the sick leave elements of this proposal will be nullified and the parties will return to the status quo as it existed on September 15, 2011 (i.e., with the City invoking its right to meet and confer with both Fire and POA about the sick leave cash out).

#### **VIII. Employees Sharing Cost of Additional Benefits Section 20516**

San Jose Police Officers and San Jose Firefighters eligible for this benefit shall contribute 1% additional retirement contribution to the cost of pension payments. A max of 10% of employee contributions towards pension.

This benefit allows a contracting agency or an agency that initially contracts with CalPERS to share the cost of additional retirement benefits with the employees as a result of a written agreement with the employee group.

No additional valuation is required if one has already been done for the additional retirement benefits whose cost is to be shared. The employer's rate will simply be reduced by the agreed upon percentage cost sharing.

There are two methods of requesting an actuarial study:

1. If the agreement with the employees specifies a definite percentage increase in the employee rate, such as 1.0%, 2.0%, etc., the valuation can be done on that basis.
2. If the agreement with the employee group is indefinite, the agency may wish to request several valuations, with the employees paying 0.5%, 1.0%, 1.5%, etc.

There are several points to be emphasized:

1. This provision requires that the employer and the employees agree in writing to share the cost of the applicable benefits.
2. The increase in the member contribution rate will be effective as of the effective date of the amendment to the contract. To reduce the percentage the employees have agreed to cost share at a later date, the agency will need to request an amendment to the contract.
3. The increased member contributions will be credited to each member's

account as normal contributions and will be included in the refund of accumulated contributions to members who separate from CalPERS covered employment and elect to withdraw their contributions.

4. Some of the optional benefits available, such as 1959 Survivor Benefits and Post-Retirement Survivor Allowance, may not be applicable to all employees. However, if the agency includes such benefits in conjunction with Section 20516, the contribution rate would increase for all employees in the applicable member group.
5. It is also possible to share the cost of formulas other than the minimum formulas, which are the 2% @ 60 for local miscellaneous and the 2% @ 55 for local safety members.

Section 20516 also permits an employer to make an independent agreement with its employees to share the cost of any optional benefit without requiring an amendment to the contract. Any such agreement in a memorandum of understanding, which is inconsistent with this section, shall not be a part of the contract between the agency and this system.

#### **XI. Military Service Credit Section 21024**

(a) "Public service" with respect to a local member, other than a school member, also means active service with the Armed Forces or the Merchant Marine of the United States, including time during any period of rehabilitation afforded by the United States government other than a period of rehabilitation for purely educational purposes, and for six months thereafter prior to the member's first employment by the employer under this section in which he or she was a member.

(b) Any member electing to receive credit for that public service shall make the contributions as specified in Sections 21050 and 21052. However, any eligible member who requests costing of service credit between January 1, 2001, and December 31, 2003, may, instead of making those contributions, make the payment calculated under this article as it read on December 31, 2000, which payment shall be made in the manner described in Section 21050.

(c) The public service under this section shall not include military service (1) in any period for which credit is otherwise given under this article or Article 4 (commencing with Section 20990) or (2) to the extent that total credit under this section would exceed four years.

(d) Notwithstanding Section 21034, a member may select which of two or more periods of service entitles him or her to receive public service under this section.

(e) This section shall apply to a member only if he or she elects to receive credit while he or she is in state service in the employment of one employer on or after the date of the employer's election to be subject to this section.

(f) This section shall not apply to any contracting agency nor to the employees of any contracting agency until the agency elects to be subject to this section by amendment to its contract made in the manner prescribed for approval of contracts or in the case of contracts made after this section takes effect, by express provision in the contract making the contracting agency subject to this section. The amendments to this section made during the second year of the 1999–2000 Regular Session shall apply to contracts subject to this section on January 1, 2001.

#### **X. Fourth Level of 1959 Survivor Benefits Section 21574**

This benefit provides a higher level of 1959 Survivor Benefits to survivors of a member who dies prior to retirement. The benefit is paid in addition to the Basic Death Benefit,

the 1957 Survivor Benefit, or, if applicable, the Pre-Retirement Optional Settlement 2 Death Benefit but would be reduced by the amount of the Special Death Benefit, if payable. Concurrent coverage under this section and Social Security is prohibited, but an agency may provide the benefit for the full formula members of a divided miscellaneous member group. For agencies first contracting for the 1959 Survivor Program, members in employment prior to the effective date of the amendment may elect not to be covered, however, participation is required for all future hires that are not covered under Social Security (Section 21577).

A spouse or domestic partner is eligible if he or she (1) has care of eligible children, or (2) is age 60 or older. Children are eligible if under age 22 and unmarried or disabled regardless of age.

The monthly allowance payable to eligible survivors under this section is as follows:

- Spouse or domestic partner with two or more eligible children;  
or three or more eligible children only ..... \$2,280
- Spouse or domestic partner with one eligible child; or two eligible children only ... \$1,900
- One eligible child only; or surviving spouse or domestic partner at age 60 or older;  
or dependent parents ..... \$950

The normal cost for public agencies contracting or amending to provide the Fourth Level will be calculated based on the term insurance funding method. This rate will be calculated on the pool experience rather than individual employer experience. The actual employer cost for agencies currently providing 1959 Survivor Benefits who amend to provide the Fourth Level will vary depending upon each agency's 1959 Survivor funding level.

If there is a deficit in the agency's 1959 Survivor funding (an unfunded accrued liability) based on the Fourth Level benefit, this unfunded liability and the five years of employer normal costs shall be amortized and paid for over a period of five years, the first payment billed in June and due in July following the effective date of the amendment and the remaining four payments due by July 15, of each following year. If there is a surplus in the agency's 1959 Survivor funding, the surplus shall be amortized and used to offset the five years of employer normal costs.

At the end of the first five years, employers in the Fourth Level pool will pay only the pool's net premium.

An operative date for this benefit is established at the time of amendment.

**XI. Alternate Death Benefit for Local Fire Members Credited with 20 or More Years of Service Section 21547.7**

The surviving spouse, domestic partner or eligible children of a deceased firefighter member, who is credited with 20 or more years of CalPERS covered service and whose death occurs while in the employ of a local agency contracting for this benefit, may elect to receive the Alternate Death Benefit in lieu of the lump sum Basic Death Benefit or the 1957 Survivor Benefit. If the member had not attained minimum retirement age at the time of death, the Alternate Death Benefit is calculated based on the member's total service credit with all employers (including the service credit earned while in the employ

of the agency contracting for this benefit) as though the member had retired at age 50 and elected Option 2W. Option 2W provides the highest monthly allowance to a beneficiary.

If the member had attained minimum retirement age at the time of death, the benefit is calculated as though the member retired on the date of death (from the employing agency and all previous CalPERS covered employers) and elected Option 2W. If the deceased firefighter had not attained the minimum retirement age at death and had service credit with previous CalPERS agencies, the cost of the Alternate Death Benefit will be the liability of the employing agency, except for a partial offset of costs resulting from a transfer of the member's contributions from all previous employers to the employing agency. The increase in liability not offset by this transfer will be paid by the agency contracting for this benefit and employing the member on the date of his/her death. If the deceased firefighter had attained minimum retirement age at death, the increased cost of the benefit (regardless of whether the member has service credit with another CalPERS employer) is the liability of the agency contracting for this benefit and employing the member on the date of his/her death.

#### **XII. Supplemental Retiree Benefit Reserve**

The Supplemental Retiree Benefit Reserve (SRBR) will be closed to all participatory members in the TIER II retirement plan. All members who voluntarily irrevocably move into the TIER II retirement plan shall forfeit all rights to any future SRBR earnings and or payments.

#### **XIII. Retiree Health and Dental Care**

All TIER II participants shall receive all Retiree Health and Dental Insurance benefits as TIER I members.

#### **XIV. Retiree Health Care Pre-Funding**

The City and the Union agree to continue to pre-fund the fire and police retiree medical and dental healthcare benefits as described in both of the current the SJPOA and IAFF Local 230 memorandum of agreements.

#### **XV. Non-Duplication of Benefits**

A retiree may not be simultaneously covered by City sponsored plan-provided medical benefits as a retiree, and as a dependent of another City retiree or City employee.

### **TIER I: RETIREMENT BENEFITS FOR CURRENT EMPLOYEES**

Current Retirement Benefits in effect for both SJPOA and IAFF Local 230 members respectively shall remain status-quo but for the following provision changes.

#### **I. Eliminate Sick Leave Payoff**

Provisions for sick leave payoff shall be eliminated in SJPOA and IAFF Local 230 Memorandums of Agreements.

#### **II. Credit Unused Sick Leave to Service Credit Section 20965**

In exchange for eliminating Sick Leave Payoff the following Credit for Unused Sick Leave Service Credit Provisions shall apply for up to 1 year of all unused sick leave hours. Either (two-thousand eighty) 2,080 hours for 40 hour per week employee or 2,912 (two-thousand nine hundred twelve) hours for 56 hour per week employee. Sick leave hours may be accrued beyond 1 year of service time either (two-thousand eighty) 2,080 hours for 40 hour per week employee or 2,912 (two-thousand nine hundred twelve) hours for 56 hour per week employee but will be forfeited upon retirement.

Unused accumulated sick leave at time of retirement may be converted to additional service credit at the rate of 0.004 year of service credit for each day of unused sick leave (i.e., 250 days of sick leave equals one additional year of service credit).

The City of San Jose will report to Retirement Services only those days of unused sick leave that were accrued by the member during the normal course of employment. Additional days of unused sick leave reported for the purpose of increasing the member's retirement benefit are prohibited. This benefit will not increase the maximum percentage of retirement allowable.

The City of San Jose shall direct retirement services to perform and add into the valuation the value of this benefit. The City of San Jose shall be 100% responsible for the normal cost determined by this valuation. Estimated impact on normal cost to be 0.1%-0.2% of payroll for both groups.

### **III. Supplemental Retiree Benefit Reserve**

Exchange SRBR on Tier I employees and retirees who will have vested rights for a Guaranteed Purchasing Power (GPP) plan; permit the fund to re-capture SRBR funds to be applied against the UAAL.

Both the City and Unions' will support and make a request to the Police and Fire retirement board to perform a "NEW" valuation that takes into account the SRBR / GPP changes, and to implement adjusted contribution rates accordingly.

### **IV. Retiree Health Care Pre-Funding**

The City and the Union agree to continue to prefund the fire and police retiree medical and dental healthcare benefits as described in both of the current the SJPOA and IAFF Local 230 memorandum of agreements.

### **V. Non-Duplication of Benefits**

A retiree may not be simultaneously covered by City sponsored plan-provided medical benefits as a retiree, and as a dependent of another City retiree or City employee.

### **ALL TIERS:**

#### **I. Workers Compensation Reform**

THE LABOR-MANAGEMENT WORKERS' COMPENSATION SUPPLEMENTAL DISPUTE RESOLUTION AGREEMENT "LONG BEACH MODEL" SHALL APPLY TO ALL THREE (3) TIERS. TIER I, TIER II, AND TIER III EMPLOYEES.

This Agreement is pursued pursuant to California Labor Code Section 3201.7(a)(3)(c). Nothing in this agreement diminishes the entitlement of an employee to compensation payments for total or partial disability, temporary disability, or medical treatment fully paid by the employer as otherwise provided in Division 4 of the Labor Code. Nothing in this agreement denies to any employee the right to representation by counsel at all stages during the alternative dispute resolution process.

Purpose.

The purposes of this proposal are:

1. To provide active employees claiming compensable injuries under Division 4 of the California Labor Code ("Workers' Compensation Law") with an expedited procedure to resolve medical disputes in accordance with Article IV, Section D of this Agreement to facilitate their prompt return to work;
2. To provide retirees claiming a presumptive injury as defined by California Labor Code (hereinafter "Labor Code") section 3212 et seq. with an expedited procedure to resolve medical disputes in accordance with Article IV, Section D of this Agreement;
3. To reduce the number and severity of disputes between the City and covered employees, when those disputes relate to workers' compensation; and
4. To provide workers' compensation coverage in a way that improves labor management relations, improves organizational effectiveness, and reduces costs to the City.

These purposes will be achieved by utilizing an exclusive list of medical providers to be the sole and exclusive source of medical evaluations for disputed issues surrounding covered employees in accordance with California Labor Code Section 3201.7(c).

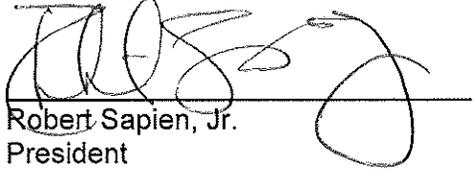
The Unions renew its proposal for all three Tiers of employees.

- Tier III employees will not be a participant or recipient of SRBR.
- Tier II employees will forfeit SRBR payments and participation upon voluntarily electing into Tier II. Furthermore, as additional savings, the assets forfeited by Tier II employees shall be rolled into the retiree medical plan to offset unfunded liabilities.
- Tier I employees will be subject to the outcome of bargaining between the City and Unions.

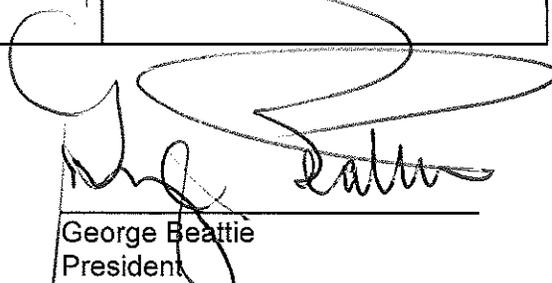
**SAN JOSE POLICE OFFICERS ASSOCIATION  
AND SAN JOSE FIREFIGHTERS, IAFF LOCAL 230  
RETIREMENT REFORM PROPOSAL  
AMENDMENTS (2)  
November 1, 2011**

Tier III (New Hires)	Tier II (Actives)	Tier I (Actives)
2% @ 50 years (CalPERS)	3% @ 55 years (CalPERS)	No Change (SJ P&F Plan)
3 Year Average Salary	3 Year Average Salary	No Change
Eliminate Sick Leave Payout	Eliminate Sick Leave Payout	Eliminate Sick Leave Payout
Sick Leave Conversion	Sick Leave Conversion	Sick Leave Conversion
4th Level Survivor Death Benefit (Spouse & Children)	4th Level Survivor Death Benefit (Spouse & Children)	No Change
Post Retirement Survivor Allowance	Post Retirement Survivor Allowance	No Change
CPI with 2% max COLA	CPI with 3% max COLA	No Change
SJ Health and Dental Plan for Employee Only (50%)	SJ Health and Dental Plan (No Change)	No Change
"Long Beach" Worker's Compensation Dispute Resolution Process	"Long Beach" Worker's Compensation Dispute Resolution Process	"Long Beach" Worker's Compensation Dispute Resolution Process
No SRBR	Eliminate SRBR	SRBR converted to GPP
10% Employee Normal Cost Sharing	10% Employee Normal Cost Sharing	No Change; Additional 5% employee cost-share Fiscal 2012-13
Retiree Healthcare Pre-funding	Retiree Healthcare Pre-funding	Retiree Healthcare Pre-funding

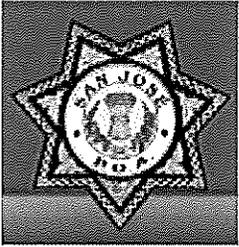
November 11, 2011



Robert Sapien, Jr.  
President  
San Jose Firefighters, IAFF Local 230



George Beattie  
President  
San Jose Police Officers Association



# San Jose Police Officers and Fire Fighters



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**SAN JOSE POLICE OFFICERS ASSOCIATION  
 AND SAN JOSE FIREFIGHTERS, IAFF LOCAL 230  
 RETIREMENT REFORM PROPOSAL  
 ADDENDUM**

1. From July 1, 2012 to June 30, 2013, payments from employees represented by San Jose Police Officers Association (SJPOA) and San Jose Fire Fighters, IAFF Local 230 (SJFF) to Retirement Healthcare prefunding are set forth in Table 1 below. We propose that these payments be suspended.
2. Instead, in fiscal year 2012-2013, employees will increase contributions to the pension fund by 5% to offset City costs. \*
3. This resulting City savings for fiscal year 2012-2013 will be applied to each respective department's budgets in order to preserve critical life safety services.
4. After June 30, 2013, employee contributions to Retirement Healthcare will resume and increase as indicated in Table 2 below:

Table 1: SJFF MOA Article 29 - SJPOA MOA Article 50

Current Schedule	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Police	1%	1.98%	3.23%	4.48%	5.73%	TBN
Fire			1.25%	2.5%	3.75%	5%

Table 2: One year contribution diversion from retirement healthcare prefunding with increased employee contribution for preservation of vital public safety services in FY 1012-13.

Proposed Schedule	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Police	1%	1.98%	3.23%	5%*	5.73%	TBN
Fire	--	--	1.25%	5%*	5%	5%

From July 1, 2012 to 2013, the City may suspend contributions to Retiree Healthcare and apply savings proportionately to Police and Fire Department budgets. Payments in the following year (2013-14) will resume at a rate not greater 1.35% higher than the previous scheduled year rate.

Service Impacts: This proposal is estimated to provide 3.5 million dollars for the Fire Department and 5.8 million dollars for the Police Department. This is 9.3

million dollars available in employee contributions to preserve vital public safety services.

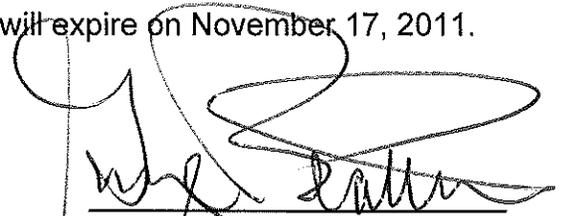
This addendum to the attached proposal will expire on November 17, 2011.

November 11, 2011



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Robert Sapien, Jr., President  
San Jose Firefighters, IAFF Local 230



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George Beattie, President  
San Jose Police Officers Association