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3/4/11
10:43a.m.

SAN JOSE COALITION

ABMEI

AEA/IFPTE LOCAL 21

AMSP

CAMP/IFPTE LOCAL 21

IBEW

Settlement Proposal
March 4, 2011

This is a PACKAGE PROPOSAL. This PACKAGE PROPOSAL is submitted in an attempt to reach a settlement in these extraordinary economic circumstances facing the City of San Jose.

In the event this PACKAGE PROPOSAL is not accepted by the City of San Jose, the foregoing labor organizations and coalition reserves the right to modify, edit or amend any future proposals, including but not limited to, the effective dates of the specific changes.

TERM AND COMPENSATION

2 Year Term
July 1, 2011 – June 30, 2013

We propose to make permanent and ongoing the 10% total compensation reduction agreed to in the 2010-2011 MOA's, inclusive of health care concessions. The 10% reduction would be deducted from member paychecks in the same manner as it is now.

City to estimate the percentage of the Health Care Savings by including Premium Cost Sharing, Health Care Increased Co-Pays, Payment In-Lieu of Health and Dental Insurance and Dual Coverage Reduction. (City Estimate)

For ABMEI –
All terms of the previous expired MOA dated December 11, 2007 – December 10, 2009 shall be included in the 2011-2013 MOA. ABMEI would match the same formula as the rest of the coalition members and make permanent and ongoing a 10% total compensation reduction.

Should any City employee bargaining unit not covered by Charter Section 1111, represented or unrepresented, reach an MOA with the City that provides less than a 10% total compensation concession, as directed by the San Jose City Council, the lower compensation concession, in any form or manner, will be applied to the bargaining units in this Coalition

PENSION REFORM PROPOSAL FOR NEW HIRES SECOND TIER RETIREMENT (Plan 2) INCLUDING RETIREE MEDICAL BENEFIT

This proposal is for all applicable members initially hired after the effective date of each perspective MOA.

Our coalition proposes the following retirement benefits changes for prospective employees only:

1. Retirement benefit formula 2% at age 60
2. Final average salary based on highest 36 months
3. COLA based on CPI with a 3% cap
4. Vesting at ten years of service
5. Cost split 40% employees, 60% City
6. Eliminate SRBR – 13th Check – for new hires
7. The retiree medical benefit will be defined as the minimum plan amount paid to active members at the time the employee retires without future increases.

The total contribution of City and Employee cost will not exceed 12.4% Normal Cost.

Once the plan actuary confirms the normal cost of this proposal, any difference between the actual cost (we estimate it being at or near 11.2%) and the City Council directed goal of 12.4% would be set aside in a segregated fund within the Federated Retirement System and be solely utilized to pay any future unfunded liability of either the first tier or second tier of the Federated Retirement System.

PENSION – VESTED MEMBER OPT-IN OPTION VOLUNTARY (PLAN 2)

The following pension plan changes shall apply prospectively to any current employee in each of the foregoing labor organizations and coalition who at their option select to join the second tier retirement plan (Plan 2). The actuarial savings from a member opting into the second tier retirement plan shall be shared equally between the employee and the City of San Jose at a 1:1 ratio. For the employee, the savings can be applied in either of two methodologies:

1) Applied to a new 401(a) account to be dispersed within the Plan and IRS guidelines upon separation of employment or retirement, OR
2) Paid directly to the employee as compensation on a bi-weekly basis.

If a current employee selects to join the second tier retirement plan the member shall remain in the second tier retirement plan or, on a one time basis, an employee could re-join the Tier 1 plan but must pay all resultant UAAL attributed to that individual prior to re-joining the first tier plan (Plan 1).

HEALTH CARE SAVINGS

Premium Cost Sharing

Effective July 1, 2011, the City shall pay 85% of the full premium cost of the lowest priced plan for the employee or 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 of San Jose's contribution towards the lowest priced plan for the employee or employee and dependent coverage.

Health Care Increased Co-Pays

Effective July 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 Co-pay shall be increased to $100

Payment In-Lieu of Health and Dental Insurance

Effective July 1, 2011, employees who qualify for and participate in the 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 <u>not</u> eligible for family coverage:	$89.09	$19.95

Dual Coverage Reduction

Effective July 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.
Effective July 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.

SICK LEAVE PAYOUT REFORM

The Coalition agrees to negotiate upon 10-days notice all possible methods and scenarios to reduce the cost of sick leave payouts through payout reductions, caps, non-taxed payment (for example, retiree healthcare co-pays, Medicare Part B premiums, or other non taxed employment benefits cost offsets) or other opportunities to save taxpayer dollars.

SRBR

The Coalition agrees to negotiate upon 10-days notice to reform SRBR.

STATUS QUO

Except for the foregoing, there will be no other changes to the current contracts or agreements of the foregoing labor organizations and coalition.