CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Office of the City Manager
EMPLOYEE RELATIONS

VIA FAX, EMAIL AND U.S. MAIL

April 1, 2010

Randy Sekany
President
San Jose Fire Fighters, Local 230
425 E. Santa Clara Street, Suite 300
San Jose, CA 95113

RE: IAFF, Local 230 Negotiations

Dear Randy:

As you know, the contract with Local 230 expired on June 30, 2009. Efforts were made to reach a one-year agreement for Fiscal Year 2009-2010; however, no agreement was reached. Now that the Fiscal Year 2010-2011 is approaching, the City is interested in reaching an agreement that covers both fiscal years.

In November 2009, the City Council approved a goal of a 5% ongoing total compensation reduction. As we indicated in the letter to you dated March 19, 2010, the City's budget deficit for Fiscal Year 2010-2011 has recently increased from $96.4 million to $116.2 million. Due to these changed circumstances, on Tuesday, March 23, 2010, the City Council approved the Mayor's Budget Message with an amendment that the City seek 10% in personnel cost savings, with a minimum of 5% ongoing structured cost reductions and another 5% cost reductions with flexibility to include one-time personnel cost savings to help save additional services. This also included direction to the City Manager to meet with representatives from the City bargaining units to solicit ideas regarding how to meet the additional 5% reduction and make a good faith effort to pursue and review all proposals from the bargaining units. This direction is also explained in the enclosed Information Memo dated March 26, 2010. The first meeting occurred on March 29, 2010, and unfortunately Local 230 was not able to attend. A second meeting was scheduled today and Local 230 attended.

IAFF, Local 230's share of the 10% reduction is approximately $13.50 million. As we indicated in the letter dated March 19th, we would like to continue our efforts with Local 230 to reach a voluntary agreement. For this reason, the City postponed the arbitration. If savings are achieved, it will lessen the number of layoffs necessary and help preserve services to the community.

Unfortunately, the City faces a deadline of June 3, 2010, for completing negotiations in time for balancing the budget for Fiscal Year 2010-2011. First, for each month negotiations extend into

Fiscal Year 2010-2011 or the City fails to take action to reconcile its expenditures and revenues, the City will be forced to reduce or eliminate more services to our residents in Fiscal Year 2010-2011. Second, if the City is unable to reach agreement with the bargaining units, the City must make a timely decision to layoff employees. Third, the City budget deadline requires appropriate difficult public decisions to reconcile its expenditures and revenues in Fiscal Year 2010-2011.

The City is interested in reaching a voluntary settlement agreement with IAFF, Local 230 that covers both Fiscal Year 2009-2010 and 2010-2011. Accordingly, the City is offering an enclosed package proposal for settlement. The additional 5% reduction is not specified in this package because we are interested in hearing Local 230's ideas to achieve this additional 5% in either one-time or ongoing personnel cost savings.

This package proposal does not include all of the City's issues and interests. In the event this package proposal is not accepted, the City reserves the right to modify, amend and/or add proposals, including, but not limited to, the effective dates of the specific changes. If the City and Union proceed to arbitration, final proposals are not limited and need not reflect the issues or proposals made during bargaining.

We would appreciate a response to the City's package proposal as soon as possible, but no later than Wednesday, April 14th. If Local 230 is unable to accept the City's package proposal, we would appreciate a package counter proposal.

Sincerely,

Alex Gurza
Director of Employee Relations

Enclosure

c: Darryl Von Raesfeld, Fire Chief
Teresa Reed, Assistant Fire Chief
Chris Platten, IAFF, Local 230 Legal Counsel

Distributed on:

SENT TO COUNCIL:_____

MAR 2 6 2010

by City Manager's Office

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: Debra Figone

SUBJECT: Council Direction – Employee Concessions

DATE: March 26, 2010

INFORMATION

The purpose of this memo is to advise the City Council on how we are proceeding with the Council direction from Tuesday, March 23, 2010, related to employee concessions. As you know, in November 2009, the City Council approved a goal of a 5% ongoing total compensation reduction. On Tuesday, March 23, 2010, the City Council approved the Mayor's Budget Message with an amendment that the City seek 10% in personnel cost savings, with a minimum of 5% ongoing and another 5% from concessions with flexibility to include one-time personnel cost savings to help save additional services.

I was also directed to meet with representatives from the City bargaining units to solicit ideas on how to meet the additional 5% reduction and make a good faith effort to pursue and review all proposals from the bargaining units. I have a meeting scheduled for today, Friday, March 26, 2010, with the bargaining units. Because many bargaining units are unable to attend today's meeting, I have scheduled an additional meeting for Monday, March 29, 2010.

As the City Council knows, we are at different stages of negotiations with the City's eleven bargaining units. Some of those negotiations are ongoing, some have just begun, and some have yet to begin. Since Tuesday evening's City Council meeting, we have had negotiation sessions with the Association of Maintenance and Supervisory Personnel (AMSP) and the Association of Engineers and Architects (AEA). The proposals that the City has made since Tuesday include a placeholder for the additional 5% reduction pending the suggestions from the bargaining units. Ideas for the additional 5% will be referred back to each individual negotiation so that they can be included in the overall package with each individual bargaining unit for a total of 10%. Per Council direction, during negotiations we will also be asking the individual bargaining units if they are interested in a pay reduction structured on a sliding scale.

We look forward to the creative ideas from the bargaining units to achieve the total of 10% personnel cost savings. Every proposal/idea received from the bargaining units will be posted on our internet site at: http://www.sanjoseca.gov/employeerelations/labor.asp. In addition, I will be updating the City Council during the City Manager's open session verbal report. We will also be providing the City Council negotiation updates in closed session.

DEBRA FIGONE
City Manager

CITY OF SAN JOSE
AND
INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, LOCAL 230
CITY PACKAGE PROPOSAL FOR SETTLEMENT

In November 2009, the City Council approved a goal of a 5% ongoing total compensation reduction. In approving the Mayor's Budget Message on March 23, 2010, the City Council established an additional goal for an additional 5% in personnel cost savings, including ongoing or one-time savings, to achieve a total reduction of 10%.

PERIOD OF MEMORANDUM OF AGREEMENT

Term: July 1, 2009 – June 30, 2011

WAGES

Effective June 27, 2010, all classifications represented by IAFF, Local 230 will be reduced by approximately 5.0%. This will result in the top and bottom of the range of all classifications represented by IAFF, Local 230 being approximately 5.0% lower. All employees will receive a 5.0% base pay reduction.

TERRORISM/ANTI-TERRORISM PAY

See Attached (City Proposal #4)

EMERGENCY MEDICAL TECHNICIAN CERTIFICATIONS/PAY

See Attached (City Proposal #7)

HOLIDAY-IN-LIEU PAY

See Attached (City Proposal #8)

HEALTH INSURANCE COST SHARING

See Attached (City Proposal #9)

HEALTHCARE HMO PLAN DESIGN

See Attached (City Proposal #10)

IMMEDIATE ARBITRATION

See Attached (City Proposal #19)

SICK LEAVE PAYOUT FOR CURRENT EMPLOYEES

See Attached (City Proposal #21)

SICK LEAVE PAYOUT FOR NEW HIRES

See Attached (City Proposal #22)

CITY OF SAN JOSE
AND
INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, LOCAL 230
CITY PACKAGE PROPOSAL FOR SETTLEMENT

RETIREMENT COST MITIGATION

See Attached (City Proposals #24, #25, #26, #27, #29, #31, #57, #60)

RETIREE HEALTHCARE FUNDING

See Attached (City Proposal #30)

FREEZING STEP/MERIT INCREASES

See Attached (City Proposal #32)

CITY-PAID UNION RELEASE TIME

See Attached (City Proposal #35)

PROBATIONARY PERIODS

See Attached (City Proposal #36)

DISCIPLINARY GRIEVANCES

See Attached (City Proposal #54)

HEALTH AND/OR DENTAL IN LIEU

See Attached (City Proposal #61)

MINIMUM STAFFING

See Attached (City Proposal #62)

HEALTHCARE DUAL COVERAGE

See Attached (City Proposal #68)

TOTAL COMPENSATION REDUCTION

Additional 5% reduction (TBD)

This is a package proposal. This package proposal is submitted in an attempt to reach a settlement. In the event the package proposal is not accepted, the City reserves the right to modify, amend and/or add proposals, including, but not limited to, the effective dates of the specific changes. In the event of interest arbitration, final proposals are not limited to and need not reflect the issues or proposals made during bargaining.

CITY PROPOSAL #4

Proposal Anti-Terrorism Training Pay

Proposed Language

5.1.1 Terrorism/Anti-Terrorism Pay. Effective July 1, 2006, all persons represented by the IAFF shall receive a wage increase of 2.0% for anti-terrorism training. This shall be pensionable. Effective June 27, 2010, all persons represented by IAFF, Local 230 shall no longer be eligible to receive terrorism/anti-terrorism pay.

CITY PROPOSAL #7

Proposal Emergency Medical Technician

Proposed Language

5.3 Emergency Medical Technician (EMT). Each employee who qualifies for certification by Santa Clara County as an Emergency Medical Technician (EMT-NA or EMT-D Non Ambulance or Defibrillation) shall be paid an amount equal to three percent (3.0%) of top step firefighter base biweekly pay for each pay period in which the employee is entitled to receive a salary, commencing with the first full pay period after the Fire Chief files with the Director of Finance a statement that the employee qualifies for such certification. Effective June 27, 2010, all employees represented by IAFF, Local 230 shall no longer be eligible to receive EMT pay.

5.3.1 Employees will continue to be required to obtain and maintain certification as an Emergency Medical Technician as a condition of continued employment. The City will continue to provide training.

CITY PROPOSAL #8

Proposal Holiday Benefits

Proposed Language

ARTICLE 24 HOLIDAY BENEFITS

24.1 Subject to the provisions of Section 24.2 of this Article, each full-time employee who holds a position allocated to any classification assigned to Representation Unit No. Two shall be entitled to receive and shall be given as a holiday benefit from and after July 14, 1985, in lieu of any other holidays (excepting any other days proclaimed or designated by the Council as holidays for which full-time employees will be entitled to holiday leave), 4.7385 hours of time off for each biweekly pay period after July 14, 1985, during which the employee is assigned to twenty-four (24) hour shifts or 3.3847 hours of time off from duty for each biweekly pay period after July 14, 1985, during which such employee is not assigned to twenty-four (24) hour shifts, but exclusive of any such biweekly pay period spent by the employee on unpaid leave. Said holiday benefit shall be given to each such officer or employee at a time to be determined by the City Manager, in their discretion, or by the Fire Chief with the approval of the City Manager, either before or after the biweekly pay period as provided hereby, but in no event shall such benefit for any biweekly pay period be given before the beginning of the biweekly pay period for which such benefit is given, nor later than twenty-six (26) biweekly pay periods immediately following the biweekly pay period for which such benefit is given.

24.2 If, at any time on or before the expiration of twenty-six (26) biweekly pay periods immediately following the biweekly pay period during and for which any full-time employee becomes entitled to time off duty as a holiday benefit under the provisions of Section 24.1 of this Article, the City Manager shall find or determine that to give any such employee such benefit to which they may be entitled under Section 24.1 for any such pay period would seriously impair the efficiency of the Fire Department, the City Manager may order that such employee shall receive and be given, and in such event said employee shall thereupon be entitled to receive and shall be given in lieu of the holiday benefit to which the employee would otherwise be entitled for any biweekly pay period under the provisions of Section 24.1, such full-time employee shall be given as extra holiday compensation 5.623% of their regular salary during said biweekly pay period of full-time employment. <u>Effective June 27, 2010, the extra holiday compensation for full-time employees shall be reduced to 3.0% of their regular salary during said biweekly pay period of full-time employment.</u>

~~24.3 For the purpose of computing retirement benefits for employees covered by this Agreement, and in accordance with the provisions of 3.36.020 of the San José Municipal Code, the term "compensation" as it is used to determine retirement benefits shall be defined to include holiday pay.~~

CITY PROPOSAL #9

Proposal Healthcare Benefits

Proposed Language

ARTICLE 6 INSURANCE BENEFITS

6.1 Health Insurance Coverage.

6.1.1 Eligible employees may elect health insurance coverage under one (1) of the plans for employee only or for employee and dependents. As of the effective date of this Agreement, the plans include: Kaiser, Blue Shield HMO, and Blue Shield POS/PPO.

~~6.1.2 The City will pay ninety percent (90%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage, and the employee will pay ten percent (10%) of the premium of the lowest cost plan up to a maximum of $25.00 per month. Any additional amount above the cost of the lowest priced plan, less $25.00 per month, required for the premium of any plan other than the lowest priced plan shall be paid by the employee.~~

~~6.1.3 Effective January 1, 2007, the City will pay ninety (90%) percent of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage and the employee will pay ten (10%) percent of the premium of the lowest cost plan up to a maximum of $100.00 per month. Any additional amount above the cost of the lowest priced plan, less $100.00 per month, required for the premium of any plan other than the lowest priced plan shall be paid by the employee.~~

6.1.24 ~~Effective January 1, 2008, the~~The City will pay ninety (90%) percent of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage and the employee will pay ten (10%) percent of the premium of the lowest cost plan up to a maximum of $150.00 per month. Any additional amount above the cost of the lowest priced plan, less $150.00 per month, required for the premium of any plan other than the lowest priced plan shall be paid by the employee.

6.1.3 Effective June 27, 2010, the City will pay eighty (80%) percent of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage and the employee will pay twenty (20%) percent of the premium of the lowest cost plan. 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's contribution towards the lowest priced plan for employee or for employee and dependent coverage.

CITY PROPOSAL #10

Proposal Co-pays for HMO Plans

Proposed Language

ARTICLE 6 INSURANCE BENEFITS

6.1.5 ~~Effective January 1, 2008, c~~Co-pays for all available HMO plans shall be as follows:

a) Office Visit Co-pay shall be increased to $10.
b) Prescription Co-pay shall be increased to $5 for generic and $10 for brand name.
c) Emergency Room Co-pay shall be increased to $50.

6.1.6 Effective July 1, 2010, 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) In-patient/Out-patient Procedure Co-pay shall be increased to $100.

CITY PROPOSAL #19

Proposal Immediate Arbitration

Proposed Language

~~20.6 Immediate Arbitration.~~

~~20.6.1 Any party may waive the grievance procedure time limits specified in this Article and proceed to immediate arbitration in any case where the party alleges that the other is threatening to take an action in violation of the Agreement in so short a period of time as to disallow the party from proceeding within the time limits of this Article. However, the method of proceeding to Immediate Arbitration must be done consistent with the following provisions.~~

~~20.6.2 The arbitration shall take place no earlier than the fifteenth (15th) day following the request by the grieving party for such "Immediate Arbitration," unless otherwise mutually agreed. During the two (2) week period, fourteen (14) calendar days, immediately following the request for Immediate Arbitration, the responding party shall have the opportunity to attempt to resolve the dispute.~~

~~20.6.3 If the City is the responding party, the Fire Chief and Director of Employee Relations, or their designated representatives, jointly, shall have the opportunity to meet with or otherwise communicate with appropriate Union representatives, in an attempt to resolve the dispute.~~

~~20.6.4 Once the request for Immediate Arbitration is filed, the parties shall (even though dispute resolution discussions are going on during the two (2) week period) attempt to agree upon a neutral arbitrator and to obtain a date for arbitration hearing as soon as possible immediately following the two (2) week period.~~

~~20.6.5 The parties will attempt to have a standing list of available "Immediate Arbitrators," but if no agreement on same is reached, the parties will obtain five (5) arbitrators, by telephone if possible, from the State Mediation and Conciliation Service. The first arbitrator available to hear the matter following the two (2) week period shall be selected as arbitrator. The order of contacting the potential arbitrators shall be determined by lot unless mutually agreed otherwise. The parties are free to mutually agree upon an immediate arbitrator through any other process or agreement.~~

~~20.6.6 In any such case, the arbitrator selected to decide the dispute or grievance shall have the full and equitable power to frame a decision, including an order to the party initiating the dispute or grievance to abide by the time limits provided in the Article, or a restraining order against the party threatening the action or any other form of arbitration order that would resolve the matter in an equitable and just manner. However, the arbitrator may not add to, subtract from, change or modify any provision of this Agreement and shall be authorized only to apply existing provisions of this Agreement to the specific facts involved and to interpret only applicable provisions of this Agreement.~~

~~20.6.7 Unless the parties agree otherwise, closing argument shall be presented orally and there shall be a "bench" decision.~~

~~20.6.8 The parties shall attempt to have the arbitration proceedings completed as quickly as possible, including by meeting nights and weekends, if at all possible.~~

CITY PROPOSAL #21

Proposal Sick Leave Payout for current employees

Proposed Language

26.2 Sick Leave Payoff. ~~There shall be paid to each full-time employee of the City:~~

Active Police & Fire Department Retirement members in the Fire Department who retire with at least twenty (20) years of service directly from active City service are eligible to receive, upon retirement, payout for a portion of their unused earned sick leave at the rate of:

~~26.2.1 Who qualifies for retirement and retires from the service of the City under and pursuant to the provisions of any applicable retirement plan of the City except Chapter 3.28 of Title III, of the San José Municipal Code, other than a full-time employee who retires or becomes eligible for retirement allowances pursuant to the provisions of Section 3.24.510, Section 3.32.370, or Section 3.36.1630 of the San José Municipal Code; or~~

~~26.2.2 Who qualifies for retirement and retires from the service of the City under and pursuant to the provisions of Chapter 3.28 of Title III of the San José Municipal Code, and who, at the time of such retirement, is credited with at least fifteen (15) years or twenty (20) years of service, whichever is applicable, in said retirement plan; or~~

~~26.2.3 Whose service with the City is terminated, and who, subsequent to such termination of service, qualifies for retirement and retires pursuant to the provisions of said Section 3.24.510, Section 3.32.370 or Section 3.36.1630, of the San José Municipal Code, and who, at the time of such retirement, is credited with at least fifteen (15) or twenty (20) years of service in the applicable retirement plan; or~~

~~26.2.4 To the estate of any full-time employee who had terminated service with the City but had retained rights in a retirement system according to provisions in the SJMC, and dies (on or after July 10, 1977) prior to becoming as cited under provisions of the SJMC, and has at the time of death credit for at least twenty (20) years of service in the applicable retirement plan.~~

26.2.5 ~~To the estate of any full-time employee of the City of San José who dies prior to such retirement, even though the employee is not credited with at least fifteen (15) or twenty (20) years of service in any applicable retirement plan, as additional compensation for not having used all or some of their accumulated sick leave with pay, such compensation as shall equal the greatest of the following:~~

~~(a) If such full-time employee, at the time of retirement or death, shall have accumulated and has to their credit less than four-hundred (400) hours, or five-hundred sixty (560) hours for any full-time employee who is assigned to twenty four (24) hour shifts, of earned unused sick leave, the employee or their estate, shall be paid a sum of money equal to fifty percent (50%) of the employee's hourly rate of pay at the time of death, retirement, or termination, whichever is earlier, multiplied by the total number of the~~

~~employee's accumulated and unused hours of sick leave as of the date of death or retirement;~~

~~(b) If such full-time employee, at the time of retirement or death, shall have accumulated and has to their credit, at least four-hundred (400) hours, or five-hundred sixty (560) hours for any full-time employee who is assigned to twenty-four (24) hour shifts, but less than eight-hundred (800) hours, or one-thousand one-hundred twenty (1,120) hours for any full-time employee who is assigned to twenty-four (24) hour shifts, of earned unused sick leave, the employee or their estate, shall be paid a sum of money equal to sixty percent (60%) of the employee's hourly rate of pay at the time of death, retirement or termination, whichever is earlier, multiplied by the total number of the employee's accumulated and unused hours of sick leave as of the date of death or retirement;~~

~~(c) If such full-time employee, at the time of retirement or death, shall have accumulated and has to their credit at least eight-hundred (800) hours, or one-thousand one-hundred twenty (1,120) hours for any full-time employee who is assigned to twenty-four (24) hour shifts, but less than one-thousand two-hundred one (1,201) hours, or one-thousand six-hundred eighty (1,680) for any full-time employee who is assigned to twenty-four (24) hours shifts, of earned unused sick leave, the employee or their estate, shall be paid a sum of money equal to eighty percent (80%) of the employee's hourly rate of pay at the time of death, retirement or termination, whichever is earlier, multiplied by the total number of the employee's accumulated and unused hours of sick leave as of the date of death or retirement;~~

~~(d) If a full-time employee, at the time of service retirement or death, has accumulated and has to their credit at least one-thousand two-hundred one (1,201) hours, or one-thousand six-hundred eighty (1,680) hours for any full-time employee who is assigned to twenty-four (24) hour shifts, or greater of earned unused sick leave, the employee or their estate, shall be paid a sum of money equal to one-hundred percent (100%) of the employee's hourly rate of pay at the time of death or service, whichever is earlier, multiplied by the total number of accumulated and unused hours of sick leave as of the date of death or retirement. If after retirement the employee switches from service to disability retirement, the employee shall repay to the City the difference in sick leave payout between service and disability retirement (e.g. one-hundred percent (100%) service, eighty percent (80%) disability).~~

40 Hour Employee	
No. of Hours	Payout
Less than 400 hours	Hours accumulated x 50% of final hourly rate
400 – 1200 Hours	Hours accumulated x 60% of final hourly rate
There shall be no payout for any hours over 1200	

56 Hour Employee	
No. of Hours	Payout
Less than 560	Hours accumulated x 50% of final hourly rate
560 – 1680 Hours	Hours accumulated x 60% of final hourly rate
There shall be no payout for any hours over 1680	

26.2.6 For purposes of payment of accumulated sick leave as provided in this Article, sick leave accumulated during prior periods of employment shall be credited to the employee. Such previously accumulated sick leave shall be credited to the employee for use during such employee's current employment.

26.2.7 Employees are only eligible for one sick leave payout while employed by the City of San Jose, including breaks in employment.

~~26.2.7 For purposes of the sick leave payoff benefit, service with the Central Fire District will be counted as years of service for the City for former employees of the Central Fire District who transferred to the City under the consolidation.~~

CITY PROPOSAL #22

Proposal Sick Leave Payout for new employees

Proposed Language

ARTICLE 26 SICK LEAVE

26.2.8 Employees hired by the City on or after July 1, 2010, shall not be eligible for a sick leave payoff benefit.

CITY PROPOSAL #24, #25, #26, #27, #29, #31, #57, #60 – RETIREMENT COST MITIGATION

Retirement Benefits Reopener

The parties agree to commence meeting and conferring within fifteen (15) calendar days of the City providing written notice to IAFF on retiree healthcare benefits for future employees and pension benefit/costs for current and future employees.

The City and IAFF shall negotiate in good faith in an effort to reach a mutual agreement.

CITY PROPOSAL #30

Proposal Retiree Healthcare Funding

Proposed Language

ARTICLE 29 RETIREE HEALTHCARE FUNDING
(Current Article 29 and subsequent articles to be re-numbered)

29.1 The City and the Union agree to transition from the current partial pre-funding of fire retiree medical and dental healthcare benefits (referred to as the "policy method") to pre-funding of the full Annual Required Contribution (ARC) for the fire retiree healthcare benefits plan ("Plan"). The transition shall be accomplished by phasing into fully funding the ARC over a period of five (5) years beginning June 28, 2009. The Plan's initial unfunded retiree healthcare liability shall be fully amortized over a thirty year period so that it shall be paid by June 30, 2039 (closed amortization). Amortization of changes in the unfunded retiree healthcare liability other than the initial retiree healthcare liability (e.g. gains, losses, changes in actuarial assumptions, etc.) shall be determined by the Plan's actuary. The City and Plan members (active employees) shall contribute to funding the ARC in the ratio currently provided under Section 3.36.575 (C) (1) and (2) of the San Jose Municipal Code. Specifically, contributions for retiree medical benefits shall be made by the City and members in the ratio of one-to-one. Contributions for retiree dental benefits shall be made by the City and members in the ratio of three-to-one. When determining the contribution rates for the Plan, the Plan actuary shall continue to use the Entry Age Normal (EAN) actuarial cost method and a discount rate consistent with the pre-funding policy for the Plan as outlined in this Article.

29.2 The City and the Union further agree that the Municipal Code and/or applicable plan documents shall be amended in accordance with the above agreement and that the Union will support such amendments.

29.3 It is understood that in reaching this agreement, the parties have been informed by cost estimates prepared by the Police and Fire Department Retirement Plan Board's actuary, and that the actual contribution rates to reach full pre-funding of retiree healthcare will differ. The phase-in to the ARC shall be divided in five steps (using a straight line method), each to be effective on the first pay period of the City's fiscal year in each succeeding year. The first increment of the phase-in shall be effective on June 28, 2009. It is understood that because of changes resulting from future actuarial valuations, the amount of each increase may vary upward or downward.

29.4 The City will establish a qualified trust ("Trust") before June 30, 2011.

29.5 It is the objective of the parties that the Trust created pursuant to this agreement shall become the sole funding vehicle for Fire retiree healthcare benefits, subject to any legal restrictions under the current plan, or other applicable law.

CITY PROPOSAL #32

Proposal Freezing Step/Merit Increases

Proposed Language

ARTICLE 36 RECRUIT CLASSIFICATION

All applicants who meet the requirements for the classification of Firefighter and who are selected for possible appointment to the classification of Firefighter shall first be classified as a Firefighter Recruit while in attendance and training at the Fire Academy. A Firefighter Recruit shall be a non-sworn employee unless and until the employee completes the Fire Academy training and is graduated from the Fire Academy. Upon completion of such training and graduation from the Academy, a Firefighter Recruit will be eligible to be appointed to the classification of Firefighter. Eligible employees shall be appointed to Step 1 of the Firefighter classification. While they are in the class, provisions of this Agreement unique to Firefighters and Disability Leave Supplement shall not apply to Firefighter Recruits. They shall be treated by the City as a civilian employee for these purposes.

~~Firefighter Recruits shall be awarded a step increase of approximately five percent (5%) upon being sworn in as a Firefighter. Their next step increases shall be due on their first, second, third, fourth, fifth and sixth anniversary dates of being appointed to the classification of Firefighter.~~

NEW ARTICLE STEP/MERIT INCREASE

Effective June 27, 2010, all IAFF represented employees will have step/merit increases frozen for the term of the contract. At the end of the term of the contract employees represented by IAFF will become eligible for step increases based on merit upon completion of an additional 2080 seniority hours after the date they did not receive a step increase for which they were previously eligible. Step increases will be based on merit only in conjunction with an annual performance appraisal submitted to Human Resources recommending a merit increase. In order to be eligible for a merit increase, employees must receive an overall performance appraisal rating of Above Standard. Increases may be no greater than one step per year in the appropriate class salary and shall not exceed the top step of a classification's salary range.

CITY PROPOSAL #35

Proposal City-Paid Union Release Time

Proposed Language

ARTICLE 49 UNION RIGHTS

Release Time.

Employees of the San Jose Fire Department are not permitted to attend employee organization/Union meetings during work hours.

Paid Release Time is permitted under the following circumstances:

- Attendance at Meet and Confer sessions between the employee organization/Union and the City. The number of such employees is limited by the provisions of the Employee-Employer Resolution #39367 (City Policy Manual).
- Attendance at scheduled meetings with management, such as scheduled grievance meetings by a designated representative of the employee organization/Union.
- Any other union related release time must receive prior approval by the Fire Chief and the Office of Employee Relations, via the chain of command of the individual concerned.

[Note: This language replaces the language currently in the ROPP]

ARTICLE 33 MINIMUM STAFFING

33.2.6 At the discretion of the Fire Chief or designee, and notwithstanding the above provisions, the following vacancies need not be filled:

33.2.6.2 In addition to section 33.2.6.1, a total of three (3) employees, absent for twelve (12) hours or less, who are Executive Board members or designees, for union release time as identified in Article 49. ~~business.~~

CITY PROPOSAL #36

Proposal Probationary Period

Proposed Language

ARTICLE 38 PROMOTIONAL EXAMINATIONS

~~38.2 Probation. The probationary period for employees appointed to the rank of Fire Engineer and above may be extended only when the probationary employee has been on disability leave, light duty, sick leave, leave for purposes related to pregnancy, military leave, or unpaid leave of absence during the probationary period and that such extension shall be equivalent to the length of time the employee was on leave and/or light duty.~~

ARTICLE 49 PROBATIONARY PERIODS

49.1 Probationary Period Calculation. Probationary periods for all classifications represented by IAFF, Local 230, excluding the Fire Recruit Classification, shall not be less than twelve (12) months of actual service. Actual service shall mean regular hours worked.

49.2 An employee's probationary period may be extended at the discretion of the City up to a maximum of six (6) months of actual and continuous service. The employee will be notified in writing of the length and reason for the extension.

CITY PROPOSAL #54

Proposal Disciplinary Grievances

Proposed Language

20.8 Disciplinary Action.~~Grievances.~~

20.8.1 Employees in the bargaining unit shall only be disciplined for cause. Discipline is defined to include those matters which are cognizable before the Civil Service Commission, including Step Reductions.

Step Reduction. As an alternative to other forms of discipline, the appointing authority may reduce an employee's salary step for a specified period of time. The employee may appeal this action, including the amount and the length of time, to the Civil Service Commission according to the same rules as apply to other formal disciplinary appeals or pursuant to the disciplinary procedure set forth in this Agreement.

20.8.2 No provision under Section 20.8.1 shall be subject to the grievance procedures of this Agreement. The appeal process for step reductions, suspensions, demotions, or dismissals are not subject to appeal through the grievance procedure of this Agreement.

20.8.3 Persons on probationary status (entry-level or promotional) may not appeal under this agreement rejection on probation.

20.8.4~~3~~ Letters of reprimand may be appealed under this section only to the City Manager level.

~~20.8.4 An employee challenging discipline shall have the option of choosing between the dispute resolution provisions of this Agreement, or appeal to the Civil Service Commission. The election of one (1) remedy shall constitute a waiver of the other. Any employee who wishes to preserve the right of appeal to the Commission must comply with the time requirements for filing such appeal as specified in the Civil Service Rules.~~

~~20.8.5 An employee appealing to binding arbitration shall do so by filing a written request with the Municipal Employee Relations Officer within twenty (20) days of service upon the employee of the Notice of Discipline on which the discipline is based. The arbitration provisions of the grievance procedure of this Agreement shall apply, including those dealing with time limits, but shall not include the provisions dealing with "Immediate Arbitration".~~

~~20.8.6 As otherwise provided in this Agreement, for the disciplinary matter to go to binding arbitration, the Union must agree (i.e., must be the party taking the matter to arbitration).~~

20.8.5~~7~~ Notwithstanding the provisions of San José Municipal Code 3.04.1700 D., employees in this unit shall not be eligible to apply for a hearing by the Civil Service Commission regarding performance ratings.

CITY PROPOSAL #61

Proposal Health and Dental In Lieu

Proposed Language

6.4 Payment-In-Lieu Of Health And/Or Dental Insurance Program.

6.4.1 The purpose of the payment-in-lieu of health and/or dental insurance program is to allow employees who have double health and/or dental insurance coverage to drop the City's insurance and receive a payment-in-lieu.

6.4.2 Effective June 27, 2010, ~~E~~employees who qualify for and participate in the payment-in-lieu of health and/or dental insurance program will receive the following per payperiod: ~~fifty percent (50%) of the City's contribution toward the employee's health and/or dental insurance at the lowest cost single plan, or family plan if the employee is eligible for family coverage. The City will retain the remaining fifty percent (50%) of that contribution.~~

	Health in-lieu	Dental in-lieu
If eligible for family coverage	$150.00	$10.00
If NOT eligible for family coverage	$50.00	$10.00

6.4.3 An employee who is already receiving other City provided medical benefits is not eligible for payment in-lieu.

6.4.4~~3~~ The payment-in-lieu of health and/or dental insurance program is available to full-time employees who are not on a reduced work week or unpaid leave and have alternate group health and/or dental coverage. To qualify, an employee must provide proof of alternate group coverage to Human Resources. Alternate coverage must be acceptable by the City.

~~6.4.4~~6.4.5 Enrollment in the payment-in-lieu of health and/or dental insurance program can only be done during the first thirty (30) days of employment or during the annual open enrollment period. Enrollment in the payment-in-lieu of insurance program may be canceled by the employee only during the annual open enrollment period unless the employee loses alternate group coverage. Enrollment or cancellation during the open enrollment period will become effective the first pay period of the following calendar year.

~~6.4.5~~6.4.6 Domestic Partners. Effective October 31, 2001, IAFF members (active employees only) will be eligible to include domestic partners (per the terms and conditions as described on the Affidavit of Domestic Partnership) as dependents for benefits enrollment.

~~6.4.6~~6.4.7Payments for the in-lieu insurance program will be discontinued if an employee becomes ineligible for the program. An employee's ineligible status would include but not be limited to the following situations, employment status changes from full to part time,

employee is on an unpaid leave of absence, employee is on a reduced work week, or employee loses or does not have alternate insurance coverage. An employee whose in-lieu payments are discontinued may enroll, if eligible, in a health and/or dental plan during the next annual open enrollment period.

6.4.8~~.7~~ If an employee loses alternate coverage, the employee may enroll in a City health and/or dental plan outside of the open enrollment period. To be eligible the employee must provide verification that alternate coverage has been lost.

6.4.8~~7~~.1 Health Insurance. To enroll in a City health insurance plan following loss of alternate coverage, the employee must pay all unpaid premiums (City and employee contributions) and refund any excess in-lieu-payments required to make the coverage effective on the date when alternate coverage ceased. Re-enrollment in the plan shall be in accordance with the carriers enrollment procedures.

6.4.8~~7~~.2 Dental Insurance. Enrollment in a City dental insurance plan following loss of alternate coverage will become effective the first of the month following payment of two (2) dental premiums through the City's payroll process. Re-enrollment in the dental insurance plan shall not be retroactive.

CITY PROPOSAL #62

Proposal Minimum Staffing

Proposed Language

ARTICLE 33 MINIMUM STAFFING

33.1 ~~The parties agree that such staffing shall be accomplished pursuant to the Minimum Staffing procedures set forth in the OAG. It is further agreed that such procedures will be revised by the parties in order to equalize minimum staffing opportunities consistent with this Agreement.~~

33.2 The City agrees to provide the following staffing levels at all times:

33.2.1 Each single piece Engine Company and the HIT team shall have a minimum of four (4) line personnel.

33.2.2 Each Engine Company with a hose wagon shall have a minimum of five (5) line personnel.

33.2.3 Each three (3) piece Engine company shall have a minimum of six (6) line personnel.

33.2.4 Each Truck Company or Urban Search and Rescue vehicle shall have a minimum of four (4) line personnel and up to a maximum of five (5) line personnel, at the discretion of the Fire Chief.

33.2.5 Each Battalion shall have a minimum of one (1) battalion chief or person acting in this capacity per shift.

33.2.6 ~~At the discretion of the Fire Chief or designee, and notwithstanding~~ Notwithstanding the above provisions, the following vacancies need not be filled:

33.2.6.1 At the discretion of the Fire Chief, Aa total of ten (10) employees, absent for twelve (12) hours or less, for reasons related to duties or training within their scope of work, however, no more than two (2) employees may be absent from the same battalion at one time.

33.2.6.2 In addition to section 33.2.6.1, a total of three (3) employees, absent for twelve (12) hours or less, who are Executive Board members or designees, for union business. [Please refer to City Proposal #35]

33.2.6.3 At the discretion of the Fire Chief, Iin addition to sections 33.2.6.1 and 33.2.6.2 no more than one (1) employee may be absent from the same battalion at one time for the following employee initiated absences if less than four and one-half (4.5) hours in duration: medical/dental

appointments, family illness, and prescribed therapy; compensatory time off, or vacation. Vacation and compensatory time off shall be provided, if approved, on a first-come first-served basis, in the event of a tie, seniority shall be the determining factor.

33.2.6.4 At the discretion of the Fire Chief, ~~P~~paramedics may only be absent from their assigned company for the vacancies identified in Subsections 33.2.6.1, 33.2.6.2 and 33.2.6.3 if an accredited paramedic (a support paramedic, minimum staffer or shift trader) is available and the Advanced Life Support of the company is maintained.

33.2.7 The department will attempt to pre-staff five (5) designated holidays (Thanksgiving, Christmas Eve, Christmas Day, New Years Eve, and New Years Day), two (2) weeks in advance by offering the option to work either half shifts or the entire shift by using a Holiday pre-staffing procedure. Any additional vacancies shall be filled by regular minimum staffing and voluntary mandatory procedures.

33.3 If an employee is contacted for pre-staffing and refuses the assignment, a minimum staffing position will not be reserved for that employee.

~~33.4 Any provisions of Article 14 of this Agreement to the contrary notwithstanding, it is understood that compensation for hours of work performed as a part of implementing the staffing levels referenced above will be paid, in addition to wages earned at the appropriate rate.~~

33.3 The parties agree that such staffing shall be accomplished pursuant to the Minimum Staffing procedures set forth in the ROPP. It is further agreed that such procedures will be revised in order to conform with the provisions of this Article.

CITY PROPOSAL #68 - HEALTHCARE DUAL COVERAGE

6.1 Health Insurance Coverage

6.1.6 An employee may not be simultaneously covered by City-provided medical benefits as a City employee, and as a dependent of another City employee.

6.2 Dental Plan

6.2.4 An employee may not be simultaneously covered by City-provided dental benefits as a City employee, and as a dependent of another City employee.