2010 IBEW NEGOTIATIONS
CITY PACKAGE PROPOSAL B*

PERIOD OF MEMORANDUM OF AGREEMENT – ARTICLE 1

Term: One (1) Year

PAY

Effective the first payperiod of Fiscal Year 2010-2011, all classifications represented by IBEW will have each step reduced by 4.75%. This will result in the top and bottom step of all classifications represented by IBEW being 4.75% lower.

FREEZING STEP INCREASES

As Proposed on January 13, 2010 (City Proposal #17)

STAND BY/CALL BACK

As Proposed on January 20, 2010 (City Proposal #3)

HEALTH INSURANCE- COST SHARING

As Proposed on January 28, 2010 (City Proposal #4)

HEALTH INSURANCE- HMO PLAN DESIGN

As Proposed on January 28, 2010 (City Proposal #5)

HEALTH INSURANCE- DUAL COVERAGE

As Proposed on January 28, 2010 (City Proposal #6)

HEALTH INSURANCE- HEALTH IN LIEU

As Proposed on January 28, 2010 (City Proposal #7)

HOURS OF WORK AND OVERTIME

As Proposed on January 13, 2010 (City Proposal #8)

As Proposed on January 20, 2010 (City Proposal #9)

As Proposed on January 7, 2010 (City Proposal #10)

LEAVES OF ABSENCE

As Proposed on January 20, 2010 (City Proposal #11)

VACATION AND PERSONAL LEAVE

As Proposed in City Package Proposal A (City Proposal #12)

RETIREMENT COST MITIGATION

See Attached (City Proposal #14 and 15)

SICK LEAVE PAYOUT

See Attached (City Proposal #13)

PERFORMANCE APPRAISAL APPEALS

As Proposed on January 7, 2010 (City Proposal #18)

DISABILITY LEAVE SUPPLEMENT

As Proposed on January 13, 2010 (City Proposal #19 and 20)

RETIREMENT CLARIFICATION

As Proposed on January 7, 2010 (City Proposal #21)

SUBSTANCE ABUSE POLICY

As Proposed on January 7, 2010 (City Proposal #22)

SAFETY

As Proposed in City Package Proposal A (City Counter Proposal to Union Proposal)

HOUSEKEEPING

As Proposed in City Package Proposal A (Union Proposals on Recognition, Working In a Higher Classification and Employee Rights)

ALL TENTATIVE AGREEMENTS

** This proposal is submitted in an attempt to reach a settlement. In the event the proposal is not accepted, the City reserves the right to modify, amend and/or add proposals, including, but not limited to:*

- Revise step structure and modify movement within steps

CITY PROPOSALS #14 AND 15- RETIREMENT COST MITIGATION

ARTICLE 25 RETIREE HEALTHCARE FUNDING
(Current Article 25 and subsequent articles to be re-numbered)

25.1 The City and the Union agree to transition from the current partial pre-funding of retiree medical and dental healthcare benefits (referred to as the "policy method") to pre-funding of the full Annual Required Contribution (ARC) for the retiree healthcare 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 3.28.380 (C) (1) and (3) 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 eight-to-three. 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.

25.2 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.

25.3 It is understood that in reaching this agreement, the parties have been informed by cost estimates prepared by the Federated City Employees' Retirement System 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 into 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. The City and Employee Organization agree that the Plan member cash contribution rate shall not have an incremental increase of more than .75% of pensionable pay in each fiscal year and the City cash contribution rate shall not have an incremental increase of more than .75% of pensionable pay in each fiscal year. For example, if the members' contribution rate is 4% of pensionable pay, the subsequent fiscal year's contribution rate for retiree healthcare cannot exceed 4.75% of pensionable pay. Notwithstanding the limitations on the incremental increases, by the end of the five year phase-in, the City and plan members shall be contributing the full Annual Required Contribution in the ratio currently provided under Section 3.28.380 (C) (1) and (3) of the San Jose Municipal Code.

25.4 The City will establish a qualified trust ("Trust") before June 27, 2010. Until such time as a Trust is established, the City and employee contributions under this agreement shall be made into the existing Medical Benefits Account for as long the contributions can be made into the Medical Benefits Account in accordance with IRS limitations. If the Trust

is not established prior to reaching the IRS limitation, the parties agree to meet and discuss alternative funding vehicles.

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

ARTICLE 9 FULL UNDERSTANDING, MODIFICATION AND WAIVER

~~9.5 Notwithstanding the provisions of Article 9.4 and Article 24, the City may notify the Union in writing once during the term of this Agreement of its desire to reopen negotiations regarding retiree healthcare benefits. Upon such notice being given, the duly authorized representatives of the parties shall meet and confer in good faith in an effort to reach a mutual agreement with respect to retiree healthcare benefits. If no agreement is reached, the parties will follow the impasse procedures set forth in the City of San Jose's Employer-Employee Relations Resolution (#39367) and the Meyers-Milias-Brown Act. The parties understand that this means that, notwithstanding any other provision of this agreement, the City will have the right to unilaterally implement in the event that no agreement is reached at the conclusion of negotiations and mandatory impasse procedures. The parties also agree that, after declaration of impasse with respect to negotiations over a modification of retiree healthcare benefits, if the City provides notification of implementation, the Union has the right to engage in protected concerted activities on the employees' own time provided such protected concerted activities do not impede the performance of the employees' assigned duties. Protected concerted activities shall not include strikes, partial strikes (such as refusing to work overtime, engaging in a slowdown or accepting some work tasks and refusing to perform others), intermittent strikes and sit-down strikes.~~

9.5 Retirement Cost Mitigation.

9.5.1 Notwithstanding any other provision of this Agreement, the parties agree to commence meeting and conferring between January 1, 2011, and January 19, 2011, on retiree healthcare benefits for future employees, a medical reimbursement program for future retirees and pension benefits for current and future employees.

9.5.2 The parties intend to engage in the foregoing negotiations in a coalition bargaining process with all other interested represented bargaining units, if any. However, negotiations between the City and Union shall commence no later than January 19, 2011 with or without participation of any other bargaining unit. The City and Union shall negotiate in good faith in an effort to reach a mutual agreement.

9.5.3 If no agreement is reached, the parties will follow the impasse procedures set forth in the City of San Jose's Employer-Employee Relations Resolution (#39367) and the Meyers-Milias-Brown Act. The parties understand that this means that, notwithstanding any other provision of this agreement, the City will have the right to unilaterally implement in the event that no agreement is reached at the conclusion of negotiations and mandatory impasse procedures. The City agrees

that a unilateral implementation of retiree healthcare benefits and/or pension benefits shall not be effective before July 1, 2011.

CITY PROPOSAL #13- SICK LEAVE PAYOFF

18.2 Sick leave payoff shall be given to each full-time employee at the time of retirement or death under one of the following conditions:

18.2.1 Federated Retirement Plan

The employee is:

18.2.1.1 a member of the Federated Retirement Plan, and

18.2.1.2 retired under the provisions cited in the plan, and

18.2.1.3 credited with at least fifteen (15) years of service in this retirement plan, or

18.2.1.4 credited with at least ten (10) years of service prior to a disability retirement.

~~18.2.2 Terminated Employee with Vesting Rights~~

~~The employee has:~~

~~18.2.2.1 terminated his/her service with the City, and~~

~~18.2.2.2 retained vesting rights in a retirement system according to provisions in the San Jose Municipal Code, and~~

~~18.2.2.3 following such termination, qualifies for retirement and retires under the provisions cited in the code, and~~

~~18.2.2.4 has at the time of retirement credit for at least fifteen (15) years of service in the applicable retirement plan.~~

18.2.3 Death During Service

The estate of any full-time employee who dies while in City service and prior to retirement, even though the employee is not credited with at least fifteen (15) years of service in any applicable retirement plan.

~~18.2.4 Death of Terminated Employee~~

~~The estate of any full-time employee who:~~

~~18.2.4.1 had terminated service with the City but had retained vesting rights in a retirement system according to provisions in the San Jose Municipal Code, and~~

~~18.2.4.2 dies prior to becoming eligible for retirement allowances as cited under provisions of the San Jose Municipal Code, and~~

~~18.2.4.3 has at the time of death credit for at least fifteen (15) years of service in the applicable retirement plan.~~

~~18.3 Employees who were brought into the City under the consolidation of the communications function will be able to use their County service as credit toward meeting the eligibility requirement for this sick leave pay out per Ordinance 22314.~~

18.4 Payout shall be determined as follows; If a full-time employee at the time of his/her retirement or death has earned, unused sick leave hours, he/she shall be paid the equivalent of a specific percent of his/her hourly rate of pay at the time of retirement~~,~~ ~~termination~~ or death, whichever comes first, multiplied by the total number of his/her accumulated and unused hours of sick leave as of the date of his/her retirement or death as follows:

Less than 400 hours: Total hours accumulated x 50% of final hourly rate.

or 400 but less than ~~800~~ 1200 hours: Total hours accumulated x 60% of final hourly rate.

~~or 800 - 1200 hours: Total hours accumulated x 75% of final hourly rate.~~

18.5 Use of previously accumulated sick leave hours:

For purposes of determining the total number of accumulated and unused hours of sick leave of a full-time employee at the time of his/her retirement or death, unused sick leave from prior periods of employment with the City shall be used. Previously accumulated sick leave shall be credited to the employee for use during an employee's current employment period.

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

18.7 Employees hired by the City on or after July 1, 2010, the following shall be the sick leave payoff benefit:

18.7.1 0-750 hours: Hours accumulated x 25% of final hourly rate