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EASTERN DISTRICT OF CALIFORNIA
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UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA

SACRAMENTO DIVISION

In re:	Case No. 2012-32118
CITY OF STOCKTON, CALIFORNIA,	D.C. No. OHS-1
Debtor.	Chapter 9
	DECLARATION OF DAVID N. MILLICAN IN SUPPORT OF CITY OF STOCKTON'S STATEMENT OF QUALIFICATIONS UNDER SECTION 109(C) OF THE UNITED STATES BANKRUPTCY CODE

I, David N. Millican, hereby declare:

1. I am the Financial Restructuring Program Specialist/Interim CFO for the City of Stockton, California (the "City"). I have held that position since March 12, 2012. As that capacity, I am familiar with the City's financial condition and with its preparation of its "Ask" (defined in paragraph 2). I make this declaration of my own personal knowledge, and if called as a witness I could and would testify as follows.

2. Attached hereto as Exhibit A is a true and correct copy of the 790-page "City of Stockton's Proposals for Modifications to Obligations under AB 506 Process" (the "Ask") that I and other members of City staff prepared for the mediation required by AB 506. This "Ask" served as an initial offer to all of the City's creditors during the pre-filing mediation process required by AB 506 ("AB 506 Process").

3. The City released the "Ask" to the parties to the AB 506 Process by posting it on May 7, 2012, on the City's secure Onehub website. The Onehub website is more particularly described in the Declaration of Connie Cochran being filed by the City contemporaneously herewith.

Executed this 20th day of July 2012, at Stockton, California. I declare under penalty of perjury under the laws of the State of California and the United States of America that the foregoing is true and correct.

David N. Millican

Exhibit A

CONFIDENTIAL

City of Stockton's Proposals for Modifications to Obligations Under AB 506 Process

May 7, 2012

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Executive Summary

The "Great Recession" has seriously damaged the City of Stockton's finances. Record foreclosure levels, plummeting home prices, and high unemployment have cut City revenues, at the same time previous labor contracts, generous retiree medical benefits, and increasing debt obligations were driving up expenses. The City Council has declared two fiscal emergencies and negotiated or imposed labor concessions of $25 million and service reductions of $12 million in FY11-12 alone.

Since FY08-09, the City has been forced through lack of funds to reduce sworn General Fund Police staffing by 25%, Fire staffing by 30% and all other staffing by 43%. Programs and services have been reduced to minimum – or below minimum – levels. Sworn Police staffing per 1,000 residents has dropped from a high of 1.52 per 1,000 residents in 2005 to 1.16 currently, and in the face of a rising local crime rate. While violent crime rates dropped 5.5% nationwide in 2010, they were up in Stockton, which ranked 10th in the U.S. with 13.81 violent crimes per 1,000 residents.

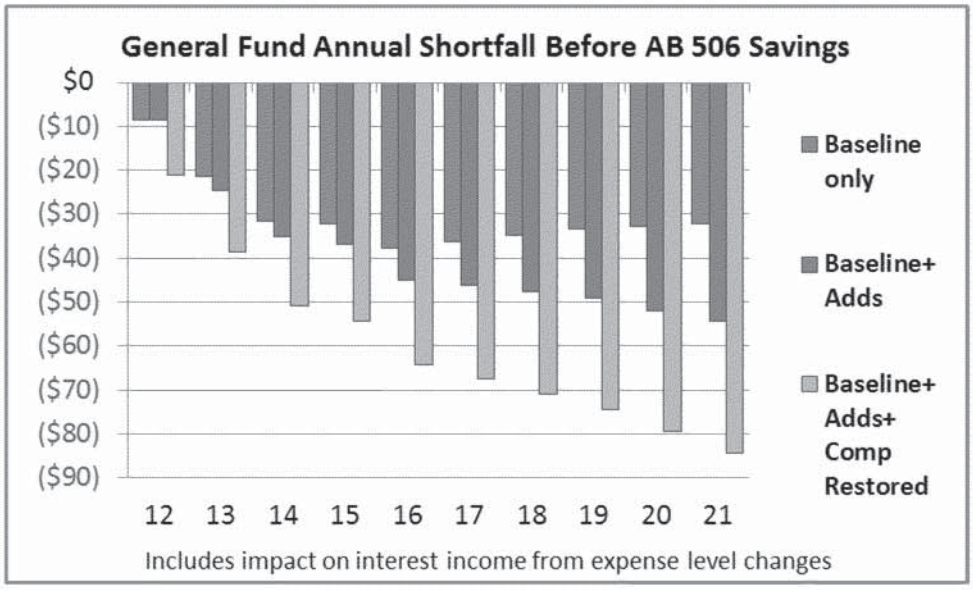
Despite four years of cost-cutting, current estimates still show a significant shortfall for FY12-13. The City has spent its reserves and cannot close the gap without further large cost reductions. The City's best case shows an annual General Fund shortfall of $21.3 million in FY12-13.[1] This is a status quo "baseline budget" with no change in current positions and no COLAs. Without making new, major reductions in the City's costs, the annual deficit will increase to an average of $34.5 million over FY15-16 through FY20-21. None of these shortfalls can exist because the California Constitution prohibits cities from deficit spending.

However, the status quo includes an unrealistically low level of expense: to remain a sustainable and competitive city, expenses will have to increase to allow salary and health COLAs for the City to remain competitive in the labor market, phase-out the furloughs to handle more workload with the current workforce, and immediately replace aging and failing technology (such as an accounting system that dates to 1991), make investments in preventative maintenance to avoid more costly repairs later on, and slowly replenish internal service fund balances that were drained as part of past budget balancing efforts. Adding in these expenses increases the shortfall to $24.5 million in FY12-13 and it grows to $54.5 million by FY20-21, but this is a far more realistic measure of the City's financial distress, because to be sustainable the City will have to be able to absorb such expenses.

These are best-case shortfall numbers that assume the City prevails in the current court challenges by the Stockton Police Officer Association (SPOA) and Stockton City Employees Association (SCEA) seeking to overturn the imposition by the City of certain pay and benefit cuts on those units. If the unions prevail, $12.5 million in back pay and benefits will have to be restored, and assuming these costs remain in base compensation and that employee health contributions increase with premium costs, the shortfall will increase to $38.5 million in FY12-13, and rise to $84 million in FY20-21.

[1] Financial estimates hereafter refer to the General Fund budget forecast updated as of 5/7/12, a summary of which is included in Attachment 1.

The following chart shows the annual General Fund shortfall under all three scenarios: baseline only, baseline plus added fiscal stabilization-related expenses, and then the addition of expense from the restoration of pay and benefit cuts.



On February 28, 2012, the City Council authorized initiation of the AB 506 process. The 506 process is the only way short of bankruptcy that savings can be realized from existing obligations, beyond what the City already has been able to negotiate or impose. The purpose of this report is to describe the City's proposals to be presented during mediation. The proposals are in four categories: (1) labor, (2) retiree medical for current retirees and current employees, (3) debt, and (4) other contracts and claimants.

Contributing Factors to Stockton's Financial Condition

The City has suffered from the cumulative effect of poor decisions and practices, compounded by the misfortune of suffering to a greater extent than most in the country from the effects of the Great Recession. The following is a brief recap of events, both self-inflicted and beyond the City's control, which led to the City's current financial calamity.

Unsustainable Retiree Benefits: In the 1990's, the City greatly expanded its retiree health insurance commitments to levels well beyond what other cities offer. Annual pay-as-you-go costs for all funds total $13.8 million currently, and will double in ten years to $27.4 million. In the past two years, annual costs have increased by $1.5 million despite benefit restructuring that reduced unfunded liability by $100 million. Even with these steps, the unfunded liability for retiree health benefits remains at $417 million, and there is no money set aside to pre-fund these obligations. Of the approximately 2,400 City retirees, there are just under 1,100 who receive medical benefits. These 1,100 are the more recent retirees who also have enhanced pension benefits. For these retirees the City pays for the full premium for the retiree and one dependent. There is no cap on City costs for the retiree/dependent premium, and no minimum

years of service are required to receive the benefit except for the SCEA and OE3 groups who have a requirement of 15 years of Stockton service. Starting in FY13-14, the City will be spending more on health benefits for retirees than for current employees. Costs are predicted by the City's outside consultants to increase at an average of 9% annually over the next four years, and 6.9% over the next 10 years, including health premium increases and new retirees who remain eligible for the benefits.

Labor Contracts: In previous years the City approved labor contracts that were neither transparent nor sustainable. Automatic salary increases were tied to other cities that were not reasonable comparisons to Stockton's labor market. The base salary used for comparison excluded many "additional pays" for longevity, education and specialty assignments, so that while "base pay" might not seem unreasonable, total compensation grew higher than the labor market. The City has never attempted to reduce base pay, but these premium additional pays clearly exceed the labor market average. Premium pays, management of overtime and sick leave payouts at separation are very expensive and hinder the City's ability to meet its other obligations. Contracts restricted management's ability to reduce staffing levels or restructure service delivery. As the financial picture worsened, most labor groups were willing to renegotiate closed contracts to reduce compensation and benefits over the labor market. However the SPOA and the SCEA were not willing to make these same changes, and the City Council had to declare two fiscal emergencies and impose concessions on these two groups that represent the majority of the City's employees. The emergency impositions are being challenged in court and at the Public Employment Relations Board (PERB) by SPOA and SCEA. The ultimate outcome in these matters has yet to be determined, but if the unions are successful, an additional $16 million in ongoing deficit will ultimately result, as well as another $12.5 million in back pay that would be owned and is not budgeted for. Any back pay award would be added to the City's deficit projections.

Excessive Debt Burden: The City incurred very large amounts of debt in the last decade to finance an ambitious plan for new public facilities and downtown improvement, including:

- $13 million for housing projects at Hotel Stockton, Mercy Housing, Fremont Park (2003 Certificates of Participation)
- $46 million for the events center/arena (2004 RDA Revenue Bonds)
- $32 million for three parking garages and other capital projects (2004 Lease Revenue Bonds)
- $13.5 million for the Essential Services Building (completed in 2001 and refinanced by the 2006 Lease Revenue Bonds)
- $11 million for marina improvements (2006 Dept of Boating & Waterways loan)
- $40 million for a new City Hall (2007 Lease Revenue Bonds)
- $35 million for a fire station, police communications center, parks and street improvements (2009 Lease Revenue Bonds)

The City assumed the hyper growth that was occurring in the housing sector would continue indefinitely, and that developer fees and property tax growth would pay the tab. In order to finance these facilities the City agreed to use the General Fund as backup security for bond repayment, even where other payments streams were available. In 2007, the City took on $125 million of pension obligation bonds in an effort to pay off an unfunded liability at a lower cost

than PERS actuarial rates. It also lost a judgment to the Jarvis organization which requires the General Fund to make $34 million in repayments to the Water and Wastewater funds over 30 years. Before the economic downturn, the City took risks by issuing variable rate bonds, and counting on significant rental income from the 400 E. Main building. Even as revenues began to decline significantly, the City issued its 2009 lease revenue bonds to provide funding for development related projects, counting on development impact fees from new development to cover the General Fund's obligation to make debt service payments. With the collapse of the housing market, new construction stalled and assessed values plunged, and the General Fund is consequently backfilling various bond obligations at a time when debt service is increasing, nearly six-fold -- from $3 million in FY06-07 to $17.2 million in FY12-13.

Economic Collapse: On top of everything else, the "Great Recession" has devastated the entire Valley. Stockton's housing market has been among the hardest hit in the U.S., with no significant signs of improvement expected until 2017. The following are indications of just how bad off the local economy is:

- Stockton has the worst foreclosure rate in the U.S. with one out of every 60 homes at some stage of foreclosure.
- A nationwide study in 2011 of home loans ranked Stockton 2nd highest in loans "underwater" at 56% (second only to Las Vegas at 66%.)
- The City currently ranks 3rd out of 306 metropolitan areas nationwide in magnitude of home value reduction over the past five years at 57.2%.
- The median home price in February 2012 was $118,500 (down from $407,000 in December 2005).
- Total single-family housing starts in the Stockton metropolitan area averaged 150 new units per year over the three calendar years of 2009, 2010 and 2011, which is only 5% of the average 3,000 housing starts per year over the three pre-recession years of 2003, 2004 and 2005.
- Stockton's unemployment rate remains at 19.9%, almost two and one-half times the national rate of 8.2%, and almost double California's rate of 10.9%, and this does not consider the Stockton's percentage of "underemployed" workers which approaches 40%.
- Forbes Magazine ranked Stockton #1 on its "Most Miserable Cities" list in 2009 and 2011. (It currently ranks #11 on the 2012 list, despite being ranked #6 in unemployment, foreclosures and violent crime.)

A major consequence of this economic decline is the impact on property tax revenues. The California property tax system is unusual, in that it limits the growth in assessed value of property to the greater of 2% per year or an inflation index, absent change in ownership or new construction. However, where changes in ownership result in lower values (which is typically the case in foreclosures, short sales, etc.), the new base is locked in at the lower value. Thus, the high rate of foreclosures in Stockton will penalize the City for years to come with lower property tax revenues and growth rates compared to cities with lower foreclosure levels.

Elimination of Redevelopment: In addition to suffering the adverse financial impacts of the housing crash, high unemployment and business losses, the City has been hit with the state's elimination of redevelopment. Stockton's redevelopment agency (RDA) played a key role in urban renewal and construction of public facilities, and now the City is the successor agency, absorbing the cost of RDA staff and having to pay former RDA obligations that lack sufficient tax increment, which has plunged 60% since the real estate markets collapsed. As of 6/30/11 the RDA has a deficit of $3.9 million, but this is the net impact of all project areas. The RDA overspent on projects over the past four years, and the resulting cash overdrafts were papered-over with unauthorized working capital loans with the City that were not specifically documented or understood, as discussed at the City Council meeting of 2/28/12. The North Stockton and Waterfront project areas have a combined overdraft of $9 million, while other areas, including Midtown, South Stockton and Affordable Housing programs have surplus cash balances of approximately $6 million. The RDA's net cash position at 6/30/11 is an overdraft of $2.7 million. The City Council's action of 2/28/12 included the adjustments necessary to correct these errors. However, the low tax increment will create ongoing burdens for the General Fund, given its obligation to backfill the 2003 Housing COPs and 2004 Arena bonds.

Financial Adjustments: After new financial staff came to the City in 2010, a number of bookkeeping errors were discovered that had accumulated from prior years. These were discussed at the 2/28/12 Council meeting and appropriate prior period adjustments were approved. These errors included double-counting parking citation cash, failure to write down as uncollectible accounts receivable dating back as long as ten years or more, and adjustments to wages payable and expenditures, which had the net effect of overstating General Fund available fund balance by $3.8 million. At the 2/28/12 meeting, staff also provided updates for FY10-11 and FY11-12, which are summarized in the following table. They resulted in a net shortfall of $15.2 million, which the City closed by making multiple transfers from available funds for the balance of this fiscal year and suspending certain debt service and other payment obligations, which will leave the General Fund with a projected zero available fund balance at 6/30/12. These actions included sweeping funds to move staff into the new city hall, stripping replacement funds for fleet and technology, and eliminating a popular arts endowment.

Summary of Changes in Projected General Fund Available Balance
($ in 000)

6/30/10 balance previously reported in FY09-10 CAFR	$1,101
Prior period adjustments (2/28/12 report)	(3,795)
6/30/10 balance restated	(2,694)
Net annual activity for FY10-11 previously reported	(379)
Net change in FY10-11 activity (2/28/12 report)	(3,480)
6/30/11 balance restated	(6,553)
Net annual activity for FY11-12 previously reported	-
Net change in FY11-12 activity (2/28/12 report)	(8,653)
6/30/12 balance before solutions	(15,206)
Council-adopted solutions (2/28/12)	15,206
6/30/12 balance after solutions	-

No single factor is the cause of our current financial problems. However, the cumulative effect of all these factors has created a situation too big to "grow our way" out of the problem. Past commitments are driving expenditures rapidly higher at the same time as the revenue gap is widening: if ongoing revenues from 2009 grew at only 3% annually, the City would have $208 million in General Fund revenue in FY12-13, instead of the $154 million we expect, a gap of $54 million. Meanwhile, retiree health costs are projected to increase by 115% over the next 10 years, and pension costs by 94%. Public safety grants are ending, forcing the General Fund to absorb $6 million of costs by FY14-15. The City is contesting lawsuits that would force $12.5 million in back pay and add approximately $15 million annually in personnel expense. And the City is ending the upcoming fiscal year with no reserves and facing a continuing structural imbalance between revenues and expenses of major proportions.

Budget Forecast

The City is currently using a budget forecast initially prepared for the 2/28/12 Council meeting, and then expanded by Management Partners into a long-term forecast with modeling capabilities. The City is in the process of preparing its FY12-13 Budget, and as that work is completed, updated information will be used to revise the forecast. The original 4/23/12 forecast provided to the interest parties has been replaced with one dated 5/7/12, and a working spreadsheet containing the forecast will be made available.

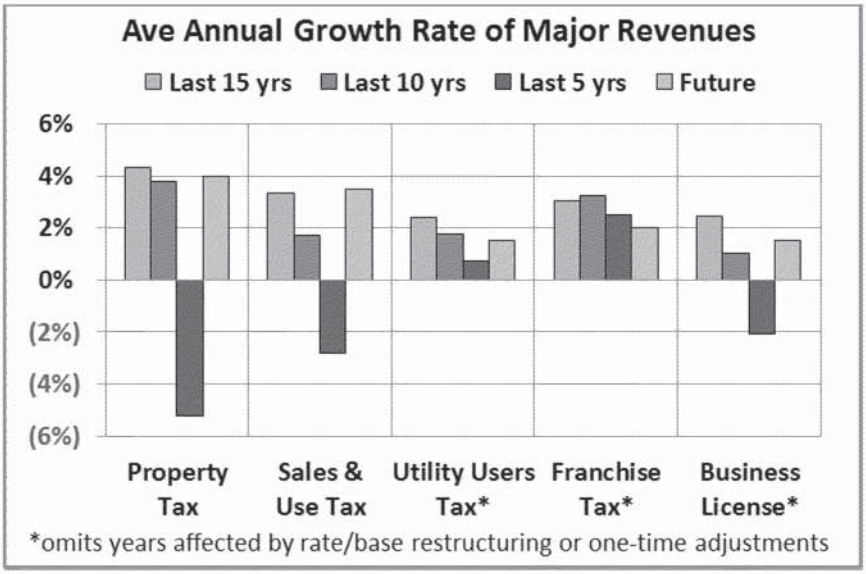
Baseline Budget: The forecast starts with a baseline budget. This is a continuation of the status quo, but reflects cost increases in pensions, retiree medical and other services and supplies that must be purchased by the City to continue the current minimal level of service it is providing. The estimates in the model do not include salary COLAs or restoring pay and benefit reductions imposed in connection with fiscal emergency resolutions during the last two years: the annual savings generated by these actions through the end of current contracts is approximately $15 million.

Key baseline budget revenue highlights are as follows:

- Property Tax assumes slow recovery with additional declines in FY12-13 and FY13-14 before increasing to 4% long-term growth by FY18-19. FY11-12 estimate is from HdL, the City's property tax auditor; future estimates are based on discussions with the County Assessor and developers. Prop 13 will hold down growth as properties that sell at deflated levels will only grow at up to 2% until sold. Those sale prices will depend on rate of market recovery, and whether trends shift to renting closer to work, rather than owning farther away. The long-term trend is straight-line, and although there will be years where revenue growth is higher and others where it is lower, the forecast does not attempt to predict which years the ups and downs (or negative growth) will occur.
- Sales Tax is based on HdL estimates through FY14-15, and assumes 3% long-term growth (which exceeds long-term CPI growth of 2.5%). The shift toward non-taxable services and non-taxed internet sales will hold down growth over time. Again, the long-term trend is straight-line and does not attempt to predict specific years that will be higher or lower than this estimate.

- Utility Users Tax (UUT), Franchise Tax and Business License Tax (BLT) are projected at 1.5% long-term growth. The UUT and Franchise Tax are subject to impact of user conservation, and technology trends (wireless vs. cable). The BLT is expected to grow slowly given local economic conditions.

The following graph compares the historical annual average growth rate over the long-term (15 years), medium-term (10 years) and short-term (5 years) for these five largest General Fund revenues, in comparison to the ongoing future growth rate for that revenue source contained in the budget forecast.

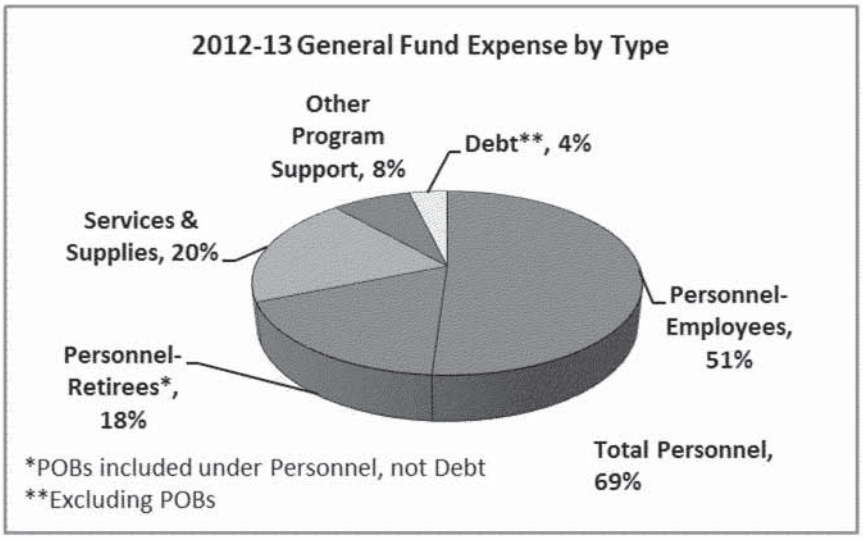


The following are key highlights from expense assumptions in the baseline budget:

- Pension-PERS costs are driven by the state's actuarial report, lower PERS discount rate for interest earnings, and lower City payroll which will drive up the unfunded liability rate. The major risk is additional reductions in the discount rate and/or PERS investment losses, which would drive employer rates up further. There is the risk that future labor negotiations (or court rulings) will result in lower employee contributions, which will drive up City costs.
- Increase in salaries in FY12-13 is due to absorbing Police personnel that were previously paid by grants; future year growth reflects merit pay increases. There is the risk that future labor negotiations (or court rulings) will result in higher employee pay levels.
- Employee health costs are flat, as it is assumed the City contribution level does not change. There is the risk that future labor negotiations (or court rulings) will result in higher City health contributions, which would be compounded the higher the growth in medical premiums.
- Retiree health costs are driven by the Segal actuarial report with annual growth averaging 9% growth over the next four years and 6.9% through FY20-21. The major risks are higher growth in medical premiums or higher numbers of retirees than projected.

- Net debt costs are higher in the near-term due to lower rents and cost of tenant improvements at 400 E. Main, but decrease as the lease-up rate improves. The major risk is a higher vacancy rate.

The projected major General Fund expenses of $177.5 million for FY12-13 are shown by type in the following chart.



The baseline budget results in ongoing deficits and no reserves. Constitutionally, the City cannot operate at a deficit, so the baseline budget is a non-starter without corrective actions. The following table shows a net shortfall of $8.7 million in FY11-12 (before Council actions of 2/28/12), rising to $21.3 million in FY12-13, and increasing to an annual average shortfall of $34.5 million from FY15-16 through FY20-21.

General Fund Baseline Expense Forecast by Major Categories

($ in Millions)	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
Salary	$52.0	$56.5	$56.9	$57.3	$60.2	$60.5	$60.7	$61.0	$61.4	$62.0
Pension-PERS	16.1	16.8	22.3	23.1	25.6	26.5	27.3	28.2	29.2	30.2
Pension-POBs	5.6	5.8	6.2	6.3	6.4	6.5	6.6	6.7	6.9	7.0
Health-Employees	9.5	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8
Health-Retirees	8.0	8.9	9.6	10.4	11.2	11.5	12.2	12.9	13.7	14.5
Overtime/Standby/Callback	6.8	6.8	6.9	7.0	7.1	7.2	7.3	7.3	7.4	7.5
Workers Comp	5.7	6.6	6.8	6.9	7.0	7.2	7.3	7.5	7.6	7.8
Other Pay/Benefits	7.1	6.6	6.7	6.8	6.8	6.9	7.0	7.1	7.1	7.2
Compensated Absenses	4.3	5.2	5.3	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Subtotal Personnel	115.1	122.2	129.5	131.8	138.4	140.2	142.5	144.7	147.2	150.1
Services & Supplies	33.1	32.9	33.5	33.8	34.6	34.9	35.8	36.1	37.0	37.3
Other Program Support	13.2	13.8	14.4	14.6	14.8	15.1	14.4	14.4	14.7	14.9
Debt (excluding POBs)	4.4	6.7	7.4	6.3	6.3	5.8	5.8	5.7	5.6	5.6
Contingency	1.7	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total Expense	167.5	177.5	186.8	188.4	196.2	198.0	200.4	202.8	206.5	210.0
Total Revenue*	158.8	156.2	155.1	156.1	158.6	161.8	165.6	169.5	173.6	177.8
Net Annual Shortfall	(8.7)	(21.3)	(31.7)	(32.3)	(37.7)	(36.3)	(34.9)	(33.3)	(32.9)	(32.2)

*Total revenue affected by negative interest resulting from negative balances.

Baseline Plus Fiscal Stabilization Expenses: While the immediate concern is establishing cash solvency, in the longer run the City must remain a competitive employer, rebuild reserves and make additional investments in technology and deferred maintenance if it is to achieve long-term budget solvency, i.e., ability to pay for all the fiscal year's expenses related to a given service level (even if that service level is well below what is warranted for the health, safety and welfare of the community). Even though the level of expense in the baseline budget is itself too high, it does not include the following minimal additional expenses that are required if the City is to become a sustainable organization over the long-haul:

- Furloughs phased out over three years (needed for workload management).
- Salary and health COLAs of 2% annually assumed to start in FY15-16 (needed for competitiveness).
- Investments in deferred maintenance of $1 million annually (needed for cost-effectiveness in avoiding more cost repairs later).
- Investments of $250,000 annually in added technology (needed for increased productivity and to replace aging and unreliable systems)
- Increases of $750,000 annually in internal service fund reserves (needed to maintain adequate reserves for future claims and equipment replacement).
- Revenue assumptions are the same as the previous schedule, but negative interest is higher due to increased negative balances, so revenues are somewhat lower.

The baseline budget with fiscal stabilization expenses results in even greater ongoing deficits and no reserves, absent greater corrective actions. The net shortfall remains $8.7 million in FY11-12 (before Council actions of 2/28/12), rising to $24.5 million in FY12-13, and increasing more rapidly to $54.5 million by FY20-21. The average annual shortfall from FY15-16 through FY20-21 is $49.1 million, compared to the $34.5 million of the baseline-only forecast. This is a truer reflection of the shortfall facing the City, because it reflects the type of expenses, albeit at a low level, the City would have the responsibility for meeting in order to sustain this level of service over the long term.

But even if the City were to achieve a balanced budget at the "stabilized" level ("baseline plus adds") that budget would remain insolvent in terms of service delivery because it continues the current inadequately low level of City services, and does not allow for increased service levels to meet a growing population and needs in future years. It would also be insolvent from a budgetary standpoint because it would lack reserves. Operating a city without reserves is a perilous enterprise: any unexpected expenditure or emergency any over-estimation of revenues or an economic downturn will force immediate cuts in other areas just to remain solvent.

General Fund Baseline Expense Forecast Plus Fiscal Stabilization Expenses

($ in Millions)	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
Baseline Expense	$167.5	$177.5	$186.8	$188.4	$196.2	$198.0	$200.4	$202.8	$206.5	$210.0
Deferred Maintenance	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Technology/Workers Comp	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Phase-out Furloughs/Other	-	1.2	1.3	2.5	2.7	2.8	2.9	3.0	3.1	3.2
2% Salary/Health COLAs	-	-	-	-	2.4	4.9	7.5	10.2	12.9	15.8
Total Expense	167.5	180.7	190.1	192.9	203.3	207.7	212.8	218.0	224.5	231.0
Total Revenue*	158.8	156.2	155.0	156.0	158.4	161.4	165.0	168.7	172.6	176.5
Net Annual Shortfall	(8.7)	(24.5)	(35.1)	(37.0)	(45.0)	(46.3)	(47.8)	(49.2)	(51.9)	(54.5)

*Total revenue affected by negative interest resulting from lower balances than baseline budget.

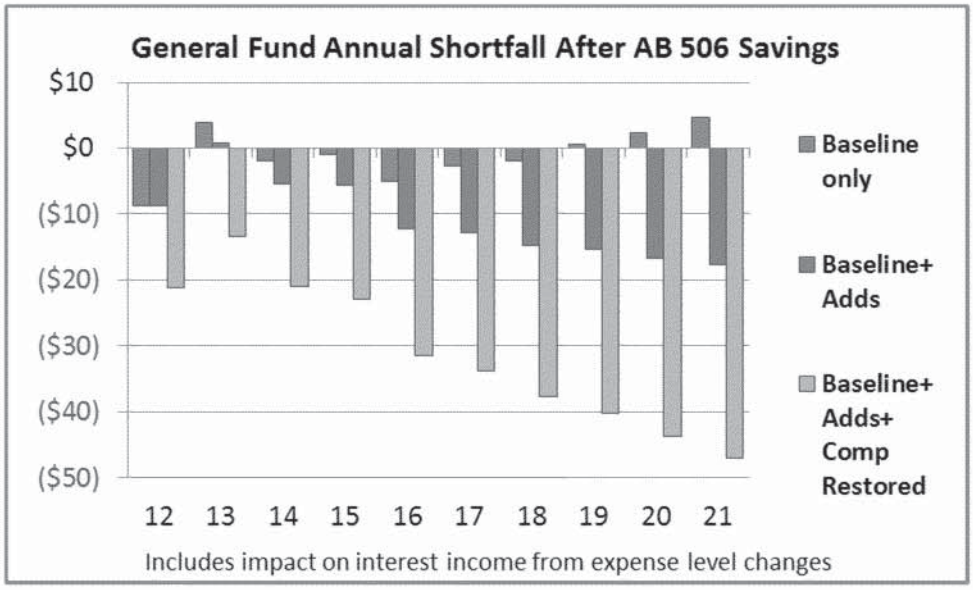
Impact of Restoring Imposed Labor Cuts: The impact of losing the pay and benefit imposition dispute currently in the courts is significant. If these cases were won by SPOA and SCEA, there is the back pay that would have to be restored, and the costs that would have to be added to the annual baseline budget going forward. Another exposure for all employee groups is whether the City's health contributions for employees -- currently frozen -- resume increasing at the high level of growth in medical premiums. The following table assumes (1) an annual increase of approximately $15 million in pay and benefit reductions either previously imposed or excluded from the baseline budget, during FY12-13 and FY13-14, and (2) growth in City's employee health contribution levels of 8% in the near-term, dropping to 6% over time, which also is not included in the baseline budget. Adding back these payroll costs to the baseline budget with fiscal stabilization expenses causes the net shortfall to jump to $21.2 million in FY11-12 (assuming $12.5 million in back pay and benefits would have to be paid by the end of the current fiscal year; actual resolution of the cases may take longer), rising to $38.5 million in FY12-13, and increasing rapidly to $84.4 million by FY20-21. The average annual shortfall from FY15-16 through FY20-21 is $73.5 million, compared to the $49.1 million of the baseline plus fiscal stabilization forecast.

General Fund Baseline Expense With Restoration of Pay & Benefit Cuts Plus Fiscal Stabilization

($ in Millions)	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
Baseline Expense	$167.5	$177.5	$186.8	$188.4	$196.2	$198.0	$200.4	$202.8	$206.5	$210.0
Pay/Benefits Restored	12.5	13.7	15.2	16.6	18.1	19.3	20.7	22.1	23.6	25.2
Fiscal Stabilization Expense	-	3.2	3.3	4.5	7.4	10.3	13.3	16.4	19.7	23.1
Total Expense	180.0	194.4	205.3	209.5	221.7	227.6	234.4	241.3	249.8	258.3
Total Revenue*	158.8	155.9	154.5	155.2	157.4	160.2	163.5	166.9	170.3	173.9
Net Annual Shortfall	(21.2)	(38.5)	(50.8)	(54.3)	(64.3)	(67.5)	(71.0)	(74.5)	(79.4)	(84.4)

*Total revenue affected by negative interest resulting from lower balances than baseline plus fiscal stabilization.

The following chart summarizes the three alternative levels of net annual shortfall.



City Actions to Balance Budget

The City already has undertaken significant actions to balance its recent budget. These include negotiating or imposing reductions in employee costs, which keep people employed to provide services to the public, and making position cuts and loss of jobs, which do reduce the level of service offered to the public. In each of the past two years, the City budget has contained a Plan A (more staffing/service cuts than labor cost cuts) versus a Plan B (more labor cost cuts than staffing/service cuts).

Labor Costs: The City's first steps to reduce pay and benefit costs started in 2008 with the imposition of furloughs. In the following years, the City offered early retirement incentives, and as the fiscal situation grew more desperate, furlough hours grew and planned salary increases were eliminated. In 2011, large reductions in current compensation/benefits were implemented. These cuts are governed by a 10-point "Action Plan for Fiscal Sustainability" adopted by the Council on 6/22/10. This policy guided subsequent labor negotiations, and consists of the following elements:

1. Reduce or eliminate "additional pay" categories; authorize only when absolutely essential to performing special job tasks; ensure all compensation packages are fully, accurately and simply costed out.
2. No side letters or past practices will be binding unless approved in public by Council.
3. No wage adjustments will be based on automatic inflators or formulae.
4. Strive to have all labor agreements expire at same time, particularly those with public safety unions.
5. Employees to make reasonable contributions to health coverage.
6. Health contributions to be based on lowest cost plan made available by the City.

7. Employees to pay entire employee PERS contribution, and cost-sharing agreements shall be negotiated to share the burden of City pension costs; a "second tier" pension benefit shall be negotiated for new hires.
8. Structure vacation use work rules to minimize overtime to backfill positions, limit accumulation of hours, and restrict cashouts.
9. Contacts to avoid inflexible staffing minimums and restrictions on management rights.
10. Bring overtime practice back in line with FLSA to minimize unneeded overtime.

The following highlights some of the changes either negotiated or imposed over the past four fiscal years for three of the largest employee groups:

- SCEA (2011 changes imposed via temporary imposed actions and subject to litigation to overturn)
  - Furlough starting at 80 hours in FY08-09, increased to 96 hours in FY09-10, FY10/11 and FY11/12
  - Forfeited COLAs of 2.5% at 7/1/10 and 2.5% at 7/1/11
  - Employees pay PERS share of 7% starting 8/1/11
  - Modifications to medical plan over past two years, including higher deductibles, medical design changes from 100% to 80%, and City share of premium capped at fixed dollar amount
  - 2011 temporary elimination of longevity 2.5% add pay and 3% education incentive pay

- Firefighters
  - Elimination of COLAs: 3.68% for 7/1/08, 8.5% for 7/1/09, no COLAs through 6/30/12 (4.5-8.5%)
  - Creation of second PERS tier for new hires (3%@55) 2011
  - Employees pay PERS share of 9% starting 8/1/11
  - Limits on numbers of staff qualifying for paramedic pay if not operationally required to act in that capacity (FY09-10)
  - Eliminated minimum staffing requirements (FY11-12)
  - Uniform allowance suspended in 2009, 50% reduction for 2010
  - Modifications to medical plan over past two years, including higher deductibles, medical design changes from 100% to 80%, and City share of premium capped at fixed dollar amount
  - Reduction of sick days from 15 to 12, reduction in vacation leave accruals, change in sick leave cashout at retirement, change in leave practice to reduce overtime in 2011
  - Eliminate longevity vacation benefits 2011
  - Eliminate tiller pay and unassigned paramedic pay for future employees 2011
  - Eliminated longevity pay and grandfathered in current incumbents with a 2.54% reduction in longevity pay in 2011
  - Eliminated Educational incentive benefit 3% effective August 2011
  - Agreed to waive all back pay damages from 2010 emergency actions

- SPOA (2010 and 2011 changes imposed via Emergency temporary imposed actions and subject to litigation to overturn)
    - 6.5% total furlough deduction for FY09-10, reduced to 3% starting FY10-11, FY11-12
    - Waive 2.5% COLA for 7/1/09
    - Reduce uniform allowance by 50% (FY09-10)
    - Suspension of 2% City deferred comp contribution and 2% City retiree medical savings plan contribution (FY10-11 and FY11-12)
    - Temporary suspension of master officer 5% pay and 3% education incentive pay 2011
    - Temporary suspension of longevity pay for new hires, temporary 5% reduction in Longevity Pay for incumbent employees 2011
    - Modifications to medical plan over past two years, including higher deductibles, medical design changes from 100% to 80%, and City share of premium capped at fixed dollar amount
    - Employees pay PERS share of 9% starting 8/1/11

Staffing & Service Cuts: In addition to significant reductions in labor costs, the City has been forced to make severe reductions in staffing and services. The table on the following page shows the major declines in City staffing levels since FY08-09, which include these overall impacts:

- General Fund sworn police officers are down 25% (another 20 officers are paid by grants which expire at the end of FY11-12; the City must retain these positions for one additional year and the resulting funding gap is part of the General Fund shortfall).
- General Fund fire staffing is down 30%.
- General Fund non-safety staffing is down 43%.
- Total City staffing is down 25%.

Because most General Fund expenditures are for public safety (75.7% in FY11-12), Stockton has had to make reductions in police and fire services despite the fact that the City ranks low in median income and high in total crime rate, factors that make public safety more critical than in most California cities. The following are important points relating to crimes rates and sworn staffing levels:

City of Stockton Personnel by Fund

General Fund	08-09	09-10	10-11	11-12	Chng frm 08-09	Percent Change
Police-sworn	398	312	292	300	(98)	-25%
Police-non sworn	232	207	199	185	(47)	-20%
Fire	253	265	226	177	(76)	-30%
Subtotal Safety	883	784	717	662	(221)	-25%
Public Works	163	78	59	62	(101)	-62%
Library	105	69	57	57	(48)	-46%
Recreation	46	32	27	26	(20)	-43%
Administration	157	123	125	123	(34)	-22%
Subtotal Non-Safety	471	302	268	268	(203)	-43%
Total General Fund	1,354	1,086	985	930	(424)	-31%
Other Funds						
Police-Grants	6	17	31	25	19	317%
Police-Measure W	28	23	20	20	(8)	-29%
Fire-Measure W	40	22	21	21	(19)	-48%
Fire-Emergency Communica	17	-	-	-	(17)	-100%
Development Services	98	53	50	42	(56)	-57%
Street Maint/Gas Tax*	24	65	66	64	40	167%
Other Special Rev/Districts	48	46	37	28	(20)	-42%
Enterprises	171	189	199	208	37	22%
Internal Service	100	83	84	82	(18)	-18%
Total Other Funds	532	498	508	490	(42)	-8%
Total All Funds	1,886	1,584	1,493	1,420	(466)	-25%

*Gas Tax absorbed employees shifted from General Fund

- The City of Stockton has the highest total crime rate per capita for any city with a population of 100,000 or greater in California.
- While violent crime rates dropped 5.5% nationwide in 2010, they were up in Stockton, which ranked 10th in the U.S. with 13.81 violent crimes per 1,000 residents.
- Despite this high service demand, budget cuts have reduced sworn police staffing from 1.52 per 1,000 residents in 2005 to 1.16 currently, the lowest ratio in the country for cities over 250,000 population.
- The City has a lower level of sworn police staffing than has been recommended by experts or which is observed in other similar service settings. The 2006 Braga study recommended sworn officer staffing levels at 2.0 per 1,000 residents, which would require the addition of 248 police officers; at $150,000 per position and assuming a minimal 30% overhead in support staff, equipment and supplies, this would cost $48 million annually.

These low staffing levels have had the following significant impacts on the level of Police Department services available to the community:

- A "condition blue" is currently activated during times of peak activity where the department responds only to crimes-in-progress.
- School Resource Officer Program has been eliminated (School Resource Officers are only available on a contract basis to the school districts that are able to pay).

- Gang and Drug Missions have been reduced to only those funded with grants or outside agencies.
- Gang Street Enforcement Team (GSET) has been eliminated.
- Narcotics Enforcement Team has been eliminated (also reduces the funds received through disposition of asset forfeiture proceeds).
- Significant cutback has been made to Proactive Policing (strategy is employed only on a case-by-case basis).
- Downtown Bike Patrol and Police equestrian programs have been eliminated.
- The ability of Community Service Officers to respond to non-emergency accidents and calls for service had been significantly reduced and office support for traffic section and parking enforcement eliminated (which has reduced service and lowered Traffic Division revenue).
- Security Camera monitoring has been eliminated (which was used as a force multiplier for the downtown and 66 other target areas in Stockton).
- Support has been eliminated for the Neighborhood Renaissance Program (University Neighborhood and future areas), and neighborhood meetings and committees (Downtown Alliance, Miracle Mile Improvement District).
- Non-mandated training has been eliminated, and the capability of conducting reimbursable and grant-funded training has been reduced.

In the Fire Department, 48 sworn positions were eliminated. This lowered daily line staffing from 75 to 57 by closing one engine company (12 remaining, with staffing reduced from 4 to 3 per engine) and one truck company (three remaining, with staffing reduced from 5 to 4 per truck). One of the City's 14 fire stations was closed.

The steep decline in building activity forced the City's Development Services Fund to eliminate 57% of its staff, with 45 of the eliminated 56 positions coming in FY09-10.

The City has been unable to dedicate sufficient dollars to regular and periodic maintenance for public infrastructure. Public Works staff estimates there is an immediate need for $18 million for critical catch-up items for trees, parks and buildings, and going forward $15 million a year for pavement, parks, trees and buildings. By comparison, the General Fund currently contributes just $575,000 annually to capital improvements.

Library services were reduced with the closure of all City branches on Sundays and a 26% overall reduction in hours. Customer services and literacy programs in the libraries have been reduced due to the loss of staff positions, and there are fewer books and library materials available to the public. Specific reductions in library services include the following:

- Books and materials purchases were cut by 60% or $428,000 from General Fund.
- Homework Center Grants were suspended (the program was offered to elementary and middle school students with low grade point averages and limited opportunities which put them at educational risk).
- Open hours were reduced by 30% in City branches and 23% in County branches.
- Mobile Library hours were reduced.
- Branches were closed on Sundays and overall hours cut 10-15/week.

Additionally, the City has made significant cuts in its Community Programs:

- The McKinley Community Center was closed to the public in 2009; most of the recreation programs were moved to other community centers, so residents have to travel further to participate in these recreation opportunities.
- Operating hours at all other community centers were reduced by 20%.
- Fewer recreational classes were made available to the community.
- Hours of operation at the Children's Museum, Pixie Woods amusement park, and Oak Park Senior Center were also decreased.
- The McKinley swimming pool was closed.
- The closure of Silver Lake Family Camp was recommended, but a local citizens group worked with the City to keep the facility open with minimal City funding.
- After School Program (ASP) sites were consolidated, resulting in reduced programs for at-risk youth.

Because of these factors, the City enters the AB 506 process with service levels which are decidedly below industry standards, and with a work force which has been depleted by staff reductions and which has incurred significant compensation reductions either via negotiations or by imposition. This latter factor is exacerbated by the fact that the City has had no choice but to pay higher costs for pension obligations for current employees and health care benefits to retirees.

AB 506 Framework for Proposals to Creditors

The City's framework for the AB 506 process is two-fold:

1. Avoidance of cash insolvency and bankruptcy requires substantial reduction in the City's obligations. The end result of restructuring must be a sustainable local government delivering services in a predicable manner and which is solvent on both a budgetary and service delivery standpoint.

2. Additionally, principles of fairness and equity form the foundation of our proposals taking into account factors such as the security for obligations A more detailed set of guiding principles have been created for the overall proposal and each of the individual proposals, as described below.

General Principles

1. The result of this process will be a sustainable City government that provides for the health, safety and welfare of the community.
2. The City will achieve financial stability over a period of at least ten years with all costs of services covered and appropriate reserve levels maintained with recurring revenues.
3. In realigning expenditures with the resources available, the City will attempt to balance what is asked of interested parties in an equitable manner consistent with the priority being placed on continued delivery of basic and satisfactory municipal services.

Principles Specific to Labor Proposals

1. Compensation reductions have been instituted in the past several years, along with substantial reductions in staffing, and therefore labor's share of reductions will be less than other creditors. However, temporary emergency concessions imposed for SPOA and SCEA need to be made permanent as they are with other bargaining units, and any back pay damages need to be waived by SPOA and SCEA.
2. Compensation and benefits will be competitive within the market in order to recruit and retain employees. The goal is to maintain compensation at or near the labor market median or average.
3. The priority for the City's labor dollars will be focused on existing employees to support service delivery, rather than retirees.
4. Compensation must be affordable over the long term and will include a prefunding component for post-employment benefits.
5. Furloughs will be eliminated in order to provide City services. Furloughs were intended to be a temporary cost cutting measure, not a permanent one.

Principles Specific to Retiree Medical Proposals

1. Retiree medical benefits taken on by the City in the 1990's are simply not affordable or sustainable given current economic realities without devastating current City services.
2. Retiree medical benefits will be considered relative to industry standards and the labor market, where many agencies do not provide retiree medical benefits.
3. In determining what if any benefit can be made to retirees, the priority will be for the retiree who actually worked for the City, rather than dependents, and should take into consideration length of service.

Principles Specific to Debt Proposals

1. Debt taken on by the City in the 2000's is simply not supportable given current economic realities without devastating current City services, so adjustments must be made.
2. Due to the City's dire financial situation and long-term forecasts, the City seeks to eliminate the obligation for all unsecured debt except in some cases where legally payable from non-General Fund sources.
3. The City seeks to eliminate the General Fund backstop and shift the burden by pledging other internal sources of repayment where applicable.
4. The City seeks to eliminate all General Fund debt service payments for a minimum of five years.
5. Provide a specific plan for each debt issue which includes:
    a. A schedule of payments until maturity, showing both interest and principal,
    b. A calculation of payment differential and fiscal impact.
    c. Any non-General Fund payment sources
6. Establish debt service payments at a level the City can afford to pay over time without placing essential service at risk of further cutbacks.

Principles Specific to Other Contract Proposals

1. Reduce or eliminate non-essential costs and subsidies related to contracts for entertainment facilities.
2. Eliminate expenditures related to legal settlements and potential liabilities that reduce available funding for services that benefit the community that are not consistent with the market.

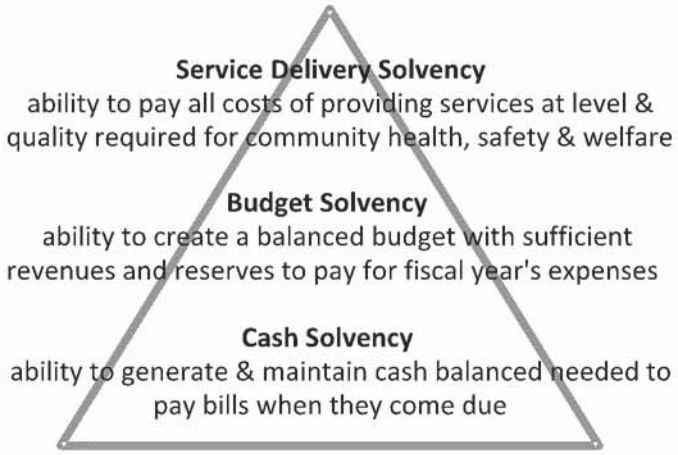
Financial Objectives

In the staff report presented to the City Council on 2/28/12, expenses were projected to exceed revenues in FY12-13 within a range of $20 million to $38 million, based on a four-year financial plan prepared by staff. The main difference between those estimates was whether cost reductions keyed to imposition of contract terms under the financial emergency resolutions are, or are not, continued. The $20 million level assumed that all compensation reductions made pursuant to fiscal emergencies stayed in place permanently. This does not include the dollar value of the City losing the legal challenge for the 2010 (SPOA) and 2011 (SPOA and SCEA) emergency actions imposed (total risk of $12.5 million through FY11-12, with annual ongoing costs of $13.7 million starting in FY12-13, and another $1.2 million added in each of the following two fiscal years. These monies have not been added to or planned for in the deficit projections. The savings from these past actions are part of this proposal, but the agreement by employees to waive restoration of those past concessions does not reduce the City's problem; it only avoids making it worse.

Management Partners has prepared a long-range budget forecast that builds upon the staff's original four-year plan. After updating various revenue and expense estimates, the FY12-13 shortfall (assuming the imposed labor reductions remain in place) now stands at $24.5 million, and the ongoing annual shortfall grows to an average of $34.5 million. This is a "baseline budget" representing the status quo -- the cost of continuing to perform the current level service with the current level of staffing. Key assumptions included in this baseline budget forecast are:

- A moderately conservative revenue recovery, with near-term property tax and sales tax revenues estimated by HdL, the City's tax auditor
- Significant improvement in local housing market not expected until 2017.
- Continuation of the contract terms imposed under the financial emergency resolutions
- No salary COLAs
- No change in staffing levels and no rescinding of previous cutbacks.
- PERS rate increases based on CalPERS estimates, and retiree medical cost increases based estimates from Segal, the City's employee benefits actuary

However, the principles that underlie our proposals include returning the City to a financial sustainability, with adequate funding for maintenance of infrastructure and the organization. In determining sustainability, the City must be solvent on three levels: cash, budget and service delivery, as shown in the following solvency "pyramid".



It is clear that returning the City to sustainability is a larger issue than just closing the baseline budget gap shown previously, because that only addresses cash solvency at the status quo level. The baseline budget does not include some very real cost increases related to the City's long-term "fiscal stabilization":

- Returning staff to a full-time work schedule through the end of furloughs.
- At an appropriate time, granting annual salary COLAs in an effort to stay competitive within the labor market.
- Beginning to fund some deferred maintenance to avoid more costly repairs later.
- Increasing the investment in technology that will be required to increase productivity and to replace very old systems that are not being supported by vendors and are at risk of breaking down.
- Restoring workers compensation and other reserves over time to the actuarially-sound level for the expected value of outstanding losses.

The following table shows the first ten years of the General Fund baseline budget forecast after adding the fiscal stabilization expenses noted above (but before the impact of the City's AB 506 proposals): it results in an adjusted shortfall of $24.5 million in FY12-13, rising to $54.5 million by FY20-21. This represents a truer picture of the shortfall facing the City, because it includes the type of expenses, albeit at a low level, that a sustainable city should have to meet to achieve budget solvency.

General Fund Baseline Budget Forecast With Fiscal Stabilization Expense Before AB 506 Savings ($ in Mil.)

Baseline Budget:	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
Total Revenue	158.8	156.2	155.0	156.0	158.4	161.4	165.0	168.7	172.6	176.5
Total Expense	167.5	177.5	186.8	188.4	196.2	198.0	200.4	202.8	206.5	210.0
Net Shortfall	(8.7)	(21.3)	(31.8)	(32.4)	(37.9)	(36.6)	(35.4)	(34.1)	(33.9)	(33.5)
Fiscal Stabilization:										
Deferred Maintenance	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Technology/Workers Comp	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Eliminate Furloughs/Other	-	1.2	1.3	2.5	2.7	2.8	2.9	3.0	3.1	3.2
2% Salary/Health COLAs	-	-	-	-	2.4	4.9	7.5	10.2	12.9	15.8
Total Added Expense	-	3.2	3.3	4.5	7.1	9.7	12.4	15.2	18.0	21.0
Shortfall After Adds to Baseline	(8.7)	(24.5)	(35.1)	(37.0)	(45.0)	(46.3)	(47.8)	(49.2)	(51.9)	(54.5)
2/28/12 Council Actions	15.2	-	-	-	-	-	-	-	-	-
Beginning Available Balance	(6.6)	-	(24.5)	(59.6)	(96.6)	(141.5)	(187.8)	(235.6)	(284.8)	(336.8)
Ending Available Balance	(0.0)	(24.5)	(59.6)	(96.6)	(141.5)	(187.8)	(235.6)	(284.8)	(336.8)	(391.2)

The City needs sufficient savings to close the General Fund budget gap shown above, while maintaining an available fund balance of at least 10% of total expense. This level of reserve is critical if the City is to absorb revenue losses from the future economic downturns that will inevitably occur, deal with unexpected jumps in pension or health costs, and handle other contingencies that arise, without plunging the City back into a cash solvency crisis. While we will have to ease into this rebuilding consistent with the City's ability to fund it, we must plan for a sustainable future.

For additional information on baseline budget forecast and fiscal stabilization additions, see Attachment 1. For the impact of the City's AB 506 proposals, see "Summary of AB 506 Proposals" on page 57.

Labor Proposal

The City has negotiated and imposed many pay and benefit reductions on our existing employees. Attachment 2 shows the history of pay and benefit cuts by labor group for FY08-09 through FY11-12, and the reduction in staffing levels since FY08-09. Additionally, the City must remain a competitive employer. Together, these facts constrain the amount the City can ask labor to contribute to solving our problems. The Labor proposal is summarized below. Attachment 3 provides the actual detailed proposal for each labor group and reflects the actual proposed language changes in compensation and practices the City is making as part of this process.

Imposed Compensation Reductions

One of the objectives of the proposal created for labor is to lock in the compensation adjustments imposed by the City through its fiscal emergency actions. The following table shows the value of items imposed on labor groups imposed during 2010 and 2011 through the entire contract period. The amount contested to date is $16.9 million for all funds, of which $12.5 million is from the General Fund. Due to the continuation of the SCEA contract through 6/30/14, the amounts affected will grow to $32.7 million for all funds, of which $19.6 million will be from the General Fund. The baseline budget already assumes these amounts are not paid. The proposal in this case is to forego the claims on these amounts so the City does not have to make these payments and thereby further worsen its financial condition.

Portions of Labor Proposal Already Included in Baseline Budget: Value Through End of Contract for Amounts Previously Imposed

Proposals (rounded to nearest thousand dollars)	All Funds	General Fund
SPOA-waive claims to damages from 2010 & 2011 imposed changes through FY11-12 (end of contract is 6/30/12)	$10,111	$8,843
SCEA-waive claims to damages from 2011 imposed changes through FY11-12	6,796	3,704
Total Claim to Damages Through FY11-12	16,907	12,548
SCEA-waive claims to damages from 2011 imposed changes through remainder of contract (6/30/14)	15,835	7,048
Grand Total Claims Through Remainder of Contracts (Savings Already Included in Baseline Budget)	32,742	19,596

The next table shows the value of items proposed to be eliminated during 2012, 2013 and 2014 from imposition through the end of the applicable contracts. The baseline budget already assumes these amounts are not paid because they are increases in the current level of pay and benefits. The proposal in this case is to agree to eliminate these items (deferred comp and salary COLAs) so the City does not have to make these payments and further worsen its financial condition.

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Portions of Labor Proposal Already Included in Baseline Budget: Value During Remaining Term of Current Contracts for Increases in Pay and Benefits Proposed to Be Eliminated

Proposals (rounded to nearest thousand dollars)	All Funds	General Fund
SCEA, B&C. Waive claims to 2012 increases through balance of contract period (2.5% COLA on 7/1/12 and added 1.5% deferred comp)	3,322	1,514
SCEA, B& C. Waive claims to 2013 increase through balance of contract period (2.5% COLA on 7/1/13)	1,240	613
SCEA, B& C. Waive claims to 2014 increase through balance of contract (2.5%COLA on 6/30/14, the last day of the contract) (1)	5	2
Total Pending Increases Proposed to be Eliminated (Savings Already Included in Baseline Budget)	4,567	2,129

(1) adds virtually no cost within contract period, but increases annual General Fund costs by $544,000 starting FY14-15 after the current contract expires

The baseline General Fund budget assumes that savings continue from items already imposed, and that pay and benefit increases in current MOUs that have not yet occurred are eliminated; achieving this outcome does not reduce the baseline expense. However, failure to achieve this outcome will increase General Fund expense in FY12-13 by $13.7 million, and those COLAs and increased deferred compensation scheduled on 7/1/13 and 6/30/14 will add another $1.2 million in annual expense in each of the following two fiscal years, for a total of $16.1 million.

New Labor Cost Reduction Proposals

The estimated total of the labor proposal for new items on an annualized basis, not included in the baseline budget, is $6.3 million, of which $4.8 million benefits the General Fund. This includes proposals reflecting things that are above the labor market average but were left on the table in order to reach agreement during the last round of bargaining. However, via AB 506 we are pursuing long term fiscal sustainability.

Also related to long-term sustainability is the City's desire to eliminate the current furlough over a three-year period. This will be part of the labor proposal, although it is a cost increase, not a cost savings, as the baseline budget assumed the current furlough level would be ongoing. However, it is necessary for efficient operations that the furlough be phased out. Since this will impact working conditions, it will need to be negotiated with employees, although it will result in additional compensation.

The following table summarizes the savings in FY12-13 of additional labor proposals that would reduce costs from the level in the current baseline budget, to generate a total of $6.3 million for all funds, of which $4.8 million comes from the General Fund. Due to proposed phasing in of three items, an additional $448,000 in savings would be realized in FY13-14.

Labor Proposal Savings That Reduce Baseline Costs in FY12-13

Proposals (rounded to nearest thousand dollars)	All Funds	General Fund
Eliminate workers comp pay supplement	300	150
Phase out grandfathered Longevity Pay over two years (1)	438	292
Eliminate extra 5% SPOA Sgt Longevity pay	223	195
Phase out SPOA Longevity Pay balance over two years (1)	1,348	1,178
Phase out grandfathered Fire Add Pays over two years (1)	60	54
Fire/Fire Mgt reduction in add pays over labor market	336	288
SPOA reduce add pays over labor market	92	81
Reduce city-paid life insurance	191	159
Change city-paid long term disability insurance	441	243
Reduce city holidays by one to survey average	334	299
Separation pay: Eliminate sick leave cash out at separation	1,639	1,295
Change overtime calculations and practices	733	526
Eliminate RMT contributions to B&C, OE3 and SCEA	144	53
Total Labor Proposals That Reduce Baseline Costs	6,280	4,812

(1) Additional General Fund savings of $488,000 realized in FY13-14 from phase-out of benefits.

AB 506 Proposals

1. Furloughs. All Units but Fire and Fire Management. Propose for FY12-13 and FY13-14, a 6-day or 48-hour furlough in both years be implemented. All furloughs would be eliminated in FY14-15. The City has had a 96-hour furlough (60-hour for POA) for a number of years. As part of an attempt to return to normal service levels, the City is proposing additional furloughs, but at a reduced amount in order to phase out of the practice. This 6-day furlough would be implemented in same manner as the FY11-12 furlough. For non-24-hour operations, closure would be in December each year. The baseline budget assumes the current level of furloughs is ongoing, so phasing them out will be a cost to the City, not a savings. This impact is shown in the budget forecast as an added "fiscal stabilization" expense.

2. SPOA waives all claims for concessions/damages imposed in emergency actions in 2010 and 2011. Make permanent all the 2010 and 2011 compensation and benefit changes temporarily imposed in emergency actions. Effective July 1, 2012. These amounts are the dollar value of the concessions or increases being waived. They are not budgeted, and thus are not included in the projected structural deficits for FY12-13 and thereafter.
    - Elimination of 2010 and 2011 pay raises
    - Elimination of 3% Education Incentive Pay
    - Elimination of 5% of SPOA Longevity pay
    - Elimination of 5% Master Officer Pay

- Employees pay own PERS payment of 9%
- Cap on City contribution to medical plan
- Change in medical benefit design in Modified Plan
- Elimination of City payment for Retiree Medical Trust 2%
- Change in uniform allowance to $950
- SPOA deferred compensation payments of 2% (2010 and 2011)

Total Savings FY10-11 & FY11-12:	$10,111,177 All	$8,843,326 GF
Total Savings in FY12-13:	$10,418,752 All	$9,529,820 GF

3. SCEA waives claims from 2011 actions through balance of existing contract term. Make permanent all the 2011 compensation and benefit changes temporarily imposed in emergency actions. Effective July 1, 2012. These amounts are the dollar value of the concessions or increases being waived. They are not budgeted, and thus are not included in the projected structural deficits for FY12-13 and thereafter.
   - Elimination of 2.5% 2011 COLA raise
   - Elimination of 3% Ed. Incentive Pay
   - Elimination of 2.5% Longevity Pay
   - Employees Pay own PERS payment of 7%
   - Cap in city's contribution for medical plan
   - Change in medical benefits design in Modified Plan

Total Savings in FY11-12:	$5,312,538 All	$3,015,581 GF
Total Savings in FY12-13:	$7,917,427 All	$3,524,119 GF
Total Savings in FY13-14:	$7,917,427 All	$3,524,119 GF

4. B&C and SCEA. Bargaining units waive all claims for 2012 increases through balance of existing contract term. These amounts are the dollar value of the increases being waived: a 2.5% COLA on 7/1/12 and a 1.5% increase in deferred compensation.

General Fund Impact of 2012 MOU Changes

(rounded to nearest thousand dollars)	FY12-13	FY13-14	Thru End of Contract	FY14-15
2.5% COLA	518	518	1,037	518
1.5% Deferred Comp	239	239	477	239
Totals	757	757	1,514	757

They are not budgeted, and thus are not included in the projected structural deficits for FY12-13 and thereafter.

Savings in FY12-13 & FY13-14:	$3,332,000 All	$1,514,038 GF
Annualized Savings in FY14-15:	$1,661,039 All	$757,019 GF

5. B&C and SCEA. Bargaining units waive all claims for 2013 increases through balance of existing contract term. These amounts are the dollar value of the increases being

waived: a 2.5% COLA on 7/1/13. This is not budgeted, and thus is not included in the projected structural deficits for FY12-13 and thereafter.

Savings in FY12-13 & FY13-14:	$1,239,979 All	$612,845 GF
Annualized Savings in FY14-15:	$1,239,979 All	$612,845 GF

6. B&C and SCEA. Bargaining units waive all claims for 2014 increases through balance of existing contract term. These amounts are the dollar value of the increases being waived: a 2.5% COLA on 6/30/14. This is not budgeted, and thus is not included in the projected structural deficits for FY12-13 and thereafter. Note that by increasing salaries on the last day of the contract (and last day of the fiscal year) there is virtually no impact during the contract period, but it increases the amounts paid by the City if FY14-15 and thereafter, so the impact is noted below).

Savings in FY13-14:	$4,559 All	$2,095 GF
Annualized Savings in FY14-15:	$1,185,301 All	$544,577 GF

7. SPOA, Stockton Police Management Association (SPMA), OE3 Trades. B&C and SCEA. Propose structural changes to reduce future costs that were previous made in 2011 for Fire, Fire Management, Operations, Water Supervisors, and Unrepresented groups.)
   - Change/reduce vacation accruals, establish maximum caps and annual cash outs to same as other units
   - Reduce number of sick leave days from 15 to 12
   - SPOA, SPMA and SCEA only .New Retirement Tier for new hires. The new tiers are 3@55 for safety and 2@60 for miscellaneous, with no additional benefits added (B&C and Trades already agreed in 2011)
   - SPOA and SCEA only. Eliminate all forms of retiree medical for all employees hired 7/1/11 same as other units. (SPMA, B&C and Trades has already agreed in 2011)
   - Trades, B&C and SCEA only. Eliminate City-paid salary supplement for employees on workers compensation. (OE3 Operations and Water Sup. already agreed)

   Most of savings from these changes are long term or limit growth of current liabilities. There is 2-3% cost savings from retirement change as new hires are made. There is an immediate savings of approximately $300,000, $150,000 GF from eliminating salary supplement to workers compensation.

Savings in FY12-13:	$300,000 All	$150,000 GF

8. Eliminate Longevity Pay grandfathered over 2 years. Propose in FY12-13 that 50% of pay is eliminated July 1, 2012 and the balance is eliminated on July 1, 2013.
   These unions agreed to eliminate Longevity Pay going forward, but the parties agreed that incumbents currently receiving it would keep it. Fire, Fire Mgt. and Unrepresented. Police and Fire longevity was reduced by 2.5% as well for incumbents.
   - Unrepresented $80,016 All $37,927 GF

• Unrep Police 7.5%	$20,202 All	$20,202 GF
• Unrep Police 3.5%	$8,923 All	$8,923 GF
• B&C	$150,541 All	$34,474 GF
• Fire Mgmt. 2.5%	$22,360 All	$22,360 GF
• Fire 2.5%	$158,323 All	$141,857 GF
• Fire/Fire Mgt.2.5- 8.75%	$154,591 All	$140,643 GF
• SPMA 1.2%	$3.013 All	$3,013 GF
• SPMA 3.5%	$95,724 All	$95,724 GF
• SPMA 5.5%	$56,942 All	$56,942 GF
• Trades	$71,299 All	$21,869 GF
• O&M	$46,663 All	$0 GF
• MUD	$7,473 All	$0 GF
100% Savings in FY13-14:	$876,070 All	$583,934 GF
50% Savings in FY12-13:	$438,035 All	$291,967 GF

9. SPOA Longevity. Effective July 1, 2012

• Eliminate extra 5% Longevity Pay for Sgts.	$223,040 All	$194,937 GF

- Eliminate SPOA Longevity Pay by reducing balance of SPOA Longevity to same as grandfathered Fire amounts of 1.25% at 15 yrs. and 4.37% at 22 years effective July 1. 2012. Eliminate remainder of SPOA longevity effective July 1, 2013.

Savings in FY12-13:	$1,348,183 All	$1,178,312 GF
Savings in FY13-14:	$1,478,610 All	$1,292,305 GF

10. Fire and Fire Management only: These Add Pays were eliminated in 2011, but current incumbents retained ADD Pay. This proposal eliminates this ADD pay for incumbents by reducing by 50% of ADD Pay amount effective July 1, 2012 and eliminating balance effective July 1, 2013.

• Tiller pay	$60,124 All	$53,871 GF
• Unassigned Paramedic Pay	$59,654 All	$53,450 GF
100% Savings in FY13-14:	$119,778 All	$107,321 GF
50% Savings in FY12-13:	$59,889 All	$ 53,661 GF

11. Fire and Fire Management only: Reduce Add Pays over the survey average.

- Ed. Certificate Pay. This is a pay for completing a certain number of classes. City pays over market at 3.6% compared to the survey average of 4.6%. Reduce 6% certificate pay by 1%.

Savings in FY12-13:	$146,543 All	$131,112 GF

- Eliminate Paramedic Pay for Fire Mgt. 3%.

Savings in FY12-13: $37,484 All $37,484 GF

- Reduce Paramedic Pay. Reduce 11% Add Pay to 9%.

  Savings in FY12-13: $59,086 All $52,941 GF

- Paramedic Pay for unassigned captains. Change to unassigned rate.(Savings: unable to calculate at this time)

- Adm. Assignment Pay. Reduce current pay to 10%. City pays 19.67% (6.3% from 2011 to fix 40-hour workweek, 10% in MOU and 3.33 not in MOU).

  Fire Mgt. Savings in FY12-13: $24,255 All $12,474 GF
  Fire Savings in FY12-13: $68,968 All $54,474 GF

- Continuing Ed. Pay as overtime. Add language to control cost by requiring approval of Chief before costs incurred. (Savings may already have been achieved.)

12. SPOA. Reduce Add Pays over labor market
    - Eliminate PERS credit for Professional Growth

      Savings in FY12-13: none none

    - Motorcycle Add pay is 6.9% per MOU (paid as overtime as # of hours paid). The survey average is 3%. Reduce by 3.9%.

      Savings in FY12-13: $49,708 All $43,246 GF

    - SWAT Add pay is 4.3% per MOU (paid as overtime as # of hours paid). Survey average in both surveys 3%. Reduce by 1.3%.

      Savings in FY12-13: $34,758 All $30,240 GF

    - Eliminate $2 a month City payment for legal defense fund for all employees.

      Savings in FY12-13: $7,608 All $7,056 GF

13. All units. City Paid Life Insurance. Reduce face value amount of life insurance for all groups to $50,000 only ($50k is federal limit for untaxed life insurance benefit)

    Savings in FY12-13: $190,546 All $158,788 GF

14. All units City Paid LTD.
    - All Units on City Plan. Change 30 day waiting period to 90 days. Current cost rate (does not include fire, fire mgt. and POA) is 1.35% of payroll.

      Savings in FY12-13: $388,752 All $194,376 GF

- SPOA, Fire and Fire Management not on City LTD Plan. Change how LTD is paid for Fire, Fire Mgmt. and SPOA by making payment not be part of salary. Instead of these groups being on City Plan, City pays $17 a month for Fire/ Fire Mgmt. and $20 a month for SPOA as salary. Employees then pay for own LTD plan. Because City pays this as salary, it must also pay full roll up on these amounts. City cost for benefit is $113,352 but additional roll up costs City $68,000. Change back to previous practice of making separate non-salary payments for LTD.

Savings in FY12-13:	$52,709 All	$48,554 GF

15. Unrepresented Management. and B&C. Eliminate lifetime medical insurance benefit for family of deceased employees. The City has been providing a full lifetime paid medical to the family of management employees who die while employed. There is no minimum years of service the employee has to have worked for Stockton to qualify for this benefit, the death does not have to be job related and there are no rules about how the benefit is administered (spouse still receives it if remarried). No agencies provide this. This elimination does not apply to safety employees who die in the line of duty, which benefit is a state requirement regulated by state law. The City is reimbursed by the State of California for those costs for safety employees. Current cost for non-safety $45,000 a year. (Savings: included in retiree medical plus future avoidance of new costs.)

16. All units. Holidays
    - Reduce number of holidays by one to survey average:

SPOA based on paid holidays	$119,562 All	$104,019 GF
SPMA based on holidays paid	$16,480 All	$16,480 GF
Fire/Fire Mgt. reduction in salary for holiday	$197,884 All	$178,095 GF
SPOA standby on holidays reduced		unable to calculate
SPOA overtime on extra holiday worked		unable to calculate
All other units.	No dollar savings but 8 hours increased productivity	
Total savings in FY12-13:	$333,926 All	$298,594 GF

    - Eliminate language in MOUs that automatically turn any days declared by governor or president as holidays. Most agencies either do not have this language, or they require City Council ratification. Already removed for Fire and Fire Mgt. (Savings: future cost avoidance.)

    - Clarify that the hour value of one holiday is 8 hours of paid time off. Change all language that is in conflict with this. Eliminate language that grants higher number of hours for holidays. (Savings: not able to calculate, but increased productivity by reduction of excess holiday hours being granted.)

17. All units except for OE3 Trades. Eliminate cash out of unused sick leave hours at separation effective February 16, 2012. In 2010, the City eliminated cash outs of sick

leave at separation for the OE3 Trades unit. In 2011, the City instituted changes with Fire, Fire Mgmt., O&M, Water Sups and Unrepresented to freeze the value of cashed out sick for current employees as of June 2011 and eliminated cash outs for new hires. The annual cost for sick leave cash out at separation has ranged from $1.6 to $5.6 million and there is $20 million in liability on the books as of June 2011. Retiring employees will still be able to use their sick leave balances for retirement service credits with. (See Attachment 5 for survey of comparison cities' sick leave cash out policies.)

Total savings in FY12-13: $1,638,883 All $1,294,717 GF

18. All units. Family sick leave use.
    - Reduce available sick leave hours for family illness from current of all hours available to state required amount of 50% of annual accrual of sick leave. City allows most units to use all or majority sick leave hours for family use. State law and vast majority of survey agencies limit it to 50% of annual earned sick leave of 12 days a year. Cost of family sick leave is $935,449 in FY10-11, not including OT to cover for absences. (Savings: not known since we don't know individual usage; likely to reduce abuse in individual situations.)

    - Change definitions of family in sick leaves to be consistent in all units. Inconsistent definitions in MOUs make administration difficult. (Savings: none, but adds consistency of application.)

19. All units. Control sick leave abuse. Make changes to MOU language to give departments tools to control potential abuse. Eliminate requirement that departments can only ask for a doctor's note after three consecutive days off. Sick leave use average in FY10-11 was 101 hours or 12.6 days per employee of the 15 days they were earning each year. Highest use is Fire at 250 hrs. (up from 142 in previous year). Departments cannot ask for proof of sick unless employee has been off three consecutive days. (Savings not known. Depends on how departments better manage time off.)

20. All units. Vacation /Holiday Pay at separation. Propose that effective February 16, 2012, for a period ending July 1, 2014, employees who leave before that date will receive a payout of leave balances as follows: one-third or $10,000 whichever is greater at separation, one-third or $10,000 whichever is greater at one year from their separation date, and the balance at two years from their separation date. Most employees' vacation balances are under $20,000, and many are under $10,000, so most employees would have their full pay out within 1 year. Employees separating after July 1, 2014 would receive their full payment at separation. (Savings: No ongoing savings, but improved short-term cash flow.)

21. All units. Workers compensation. Propose change in past practice/MOUs to allow for City designated doctors for workers compensation illness or injury unless the employee has pre designated before illness or injury. (Savings. Not able to calculate; any savings would be in the Workers Compensation Fund.)

22. Overtime. Implement changes to compensation or practices that impact amount of overtime paid or are over market. Current City overtime costs approximately $10 million in 2011.

- All units. Change time off hours paid for jury duty to actual hours from part/full day minimum. (Savings: Not able to estimate; would result in increased productivity.)

- All units. Change calculation of how overtime is paid to federal statuary required hours worked rather than City MOU agreement of all hours paid. Change will reduce costs of overtime and also will make it more difficult to abuse overtime. Savings estimated from payroll at $250,000 POA, Fire at least $150,000, others not sure. Difficult to calculate actual savings with current payroll system.

  Total savings in FY12-13: $400,000 All $368,750 GF

- Fire and Fire Management Units. Change FLSA Fire 7 K exemption from 28 day work week period schedule to 24 day work week period. Firefighters work a 56-hour workweek and under FLSA can use a longer workweek period than 7 days to calculate when overtime is owed to an employee. Some times with Fire schedules part of normal work hours ends up having to be counted as overtime hours under FLSA even with the longer FLSA allowed period. Several years ago, the Fire Department changed the fire work schedules but did not change the language in the MOU regarding the FLSA work period. Cost savings is an estimate.

  Total savings in FY12-13: $30,000 All $27,000 GF

- SPOA /SPMA. Change Call Back minimums to 2.45 hours. Call back is the minimum number of hours the employee will get paid when he/she is required to return to work overtime. Currently 2.45 hours is the minimum for SCEA, O& M and other groups except for SPMA and SPOA, which is three hours. Savings cannot be calculated at this time. Due to City's record keeping not sure how much of time listed is just the Call Back minimum versus actual hours worked, so not sure how to estimate actual savings from SPOA and SPMA. Costs in FY10-11 were $1,750,000 for Call Back for these two groups. (Savings: Not able to calculate with available records.)

- SPOA. Change Call Back minimum number of hours paid for court appearances to 3.0 hours. SPOA's MOU also provides a separate Call Back minimum for court appearances on days off. Current minimums are between 3 hours to 7 hours. This is over the survey average of 2.25 hours, and most other agencies do not have a different call back for court. Current SPOA costs for court related Call Back is $350,000 a year, and a rough estimate is for 10% savings.

  Total savings in FY12-13: $35,416 All $33,114 GF

- All units. Eliminate double payment of Call Back Paid Time, Regular Overtime and Standby Pay. Discontinues practice of paying Standby Pay for hours that

are being paid as overtime or Call Back. Currently City employees on "Standby" continue to get "Standby Pay" when they are actually called back to work and are being paid overtime pay for the same hours. Current city wide Standby Pay is $520,000 a year ($240,000 in SPOA). Cannot tell from City records how much Standby is being paid on current hours where overtime is also being paid. Assuming 10% reduction in Standby Pay.

Total savings in FY12-13:	$52,837 All	$24,481 GF

- All units. Standby Pay. Change Standby Pay rate to fixed hourly rate rather than number of hours at individual employee hourly rate plus Add Pays per standby shift. Change rate to $3 per hour for all units. Cost citywide is $520,000. POA gets one hour of pay for the 14 hours off duty during workday and 3.3 hrs. (Or five hours on holidays) for 24 shifts. SCEA gets four hours for 24 hrs. Prorated OE3 units get two hours for every eight hours and six hours for a 24 hour shift. Stockton rate for Police Officer is on average $3 an hour for the standby during the workweek and $5.82 hr. for days off, $8.75 for holidays. O&M hourly rate for standby is around $6.57 an hour and Water Sup is $8.61 an hour.

SPOA regular standby.	No savings anticipated -- future cost avoidance	
POA day off/weekend standby 51% reduction	$85,000 All	$72,250 GF
OE3 55% reduction in rate savings	$130,000 All	$0 GF
Total savings in FY12-13:	$215,000 All	$72,250 GF

- SPOA. Eliminate compensation for hire backs and special assignments at OT rate. Regular rules on overtime would apply. (Savings: unable to calculate based on current records.)
- All units. Eliminate all payment of overtime that exceeds time and a half. Currently some MOU's provide for double time and a half for work performed on holidays and weekends. . (Savings: Not able to calculate with available records.)

23. SPOA and Fire. City Paid Union release time over labor market. Eliminate City paid union leave time of 400 hours POA, 500 hours Fire per year. (Savings: Not able to determine; this time is not tracked now.)

24. Non-economic changes. (Savings: not quantifiable but better management of operations would result.)

- SPOA. Remove section 15.10 survey agencies.
- SPOA. Change "rule of 1" on promotional exams to "rule of 10"
- SPOA. Clarify seniority when tied.
- SPOA. Clarify workweek language due to alternative schedules
- Fire. Change rule on promotional probationary period. Current no probation when promoted in dept. Change to add one year probation to all promotional classes.
- Fire. Clarify status of people on reemployment list who waive reemployment.

- O&M clarify jury duty practices
- All units. Revise grievance procedure to remove step 4 Board of Adjustment hearing,
- All units. In all sections of MOU, review and change to hours instead of days where appropriate (to avoid confusion with alternate schedules).
- All units. Add previously agreed to side letters not included in last MOU.
- SCEA and B&C. Change layoff rights from citywide to department wide.

25. All units. Medical Plan changes

- Eliminate dual coverage for actives and retirees in all City-sponsored plans. Currently the City allows employees and retirees married/domestic partners with each other to double cover themselves under the City's medical plans. Most plans prohibit dual coverage and limit benefits to what the person would have otherwise gotten without the double coverage. (Savings: unable to calculate at this time.) City savings would be from retiree only since it has capped its contributions for employees. Any savings to employee rates would lower employee cost.)

- Add Kaiser language allowing for retirees to keep Kaiser or OE3 plans if they had them at end of employment but with language clarify city commitment for payment. (Savings: none, but may save in future and will avoid any expansion of liability for retirees using these other plans.)

- All units and retirees. Make Plan design changes allowed under Health Care Reform for retirees only. Remove health care reform and Mental Health Parity Act changes and return to benefit in effect before City made changes in last two years. Federal law allows agencies to roll back Health Care Reform required changes for retiree only plans. Includes:
    - Limits on numbers of Acupuncture visits Unlimited vs. 12 per year
    - Payment of Acupuncture at 80% vs. 60%
    - Limits on numbers of Alcohol and Drug Treatment admission limitations. Unlimited vs. 30 days and 3 lifetime admissions
    - Limitations on Outpatient mental health or Nervous Disorder. Unlimited vs. 15-visit maximum
    - Preventative care/wellness. 100% vs. 80% paid
    - Lifetime maximum. Unlimited vs. $2.5 million; return dependent children coverage from age 26 back to previous limit

  (Savings: Estimate that this may save 10% of retiree costs for City Health ISF. Would be reflected in lower future cost increases.)

- All units and Retirees only. Add Kaiser Sr. Advantage to choices for retirees. Benefits equal or exceed city plan. (Savings: 10% for each retiree who changes to plan.)

26. SCEA, B& C, OE3. Retiree Medical Trust Payments. Eliminate current payments (2%) for employee hired after 2009 but before retiree medical eliminated. The city has already proposed elimination of trust payments to SPOA. SPMA gave up its benefit in 2011. The City has agreement with B&C, OE3, but not SCEA, that new hires after June 30, 2011 get no RMT payment but a few people hired between 2009 and 2011 continue to receive this. With the proposal to eliminate retiree medical, we believe that we should eliminate this as well.

B&C	$52,870 All	$9,632 GF
SCEA	$61,018 All	$39,882 GF
Trades	$30,255 All	$3,779 GF
Total savings in FY12-13:	$144,143 All	$53,294 GF

27. All units. Retiree Medical

Retiree Proposal is incorporated by reference for current employees into labor proposal.

See Attachment 3 for labor unit MOUs incorporating detailed proposed labor proposal changes.

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Retiree Proposal

Background

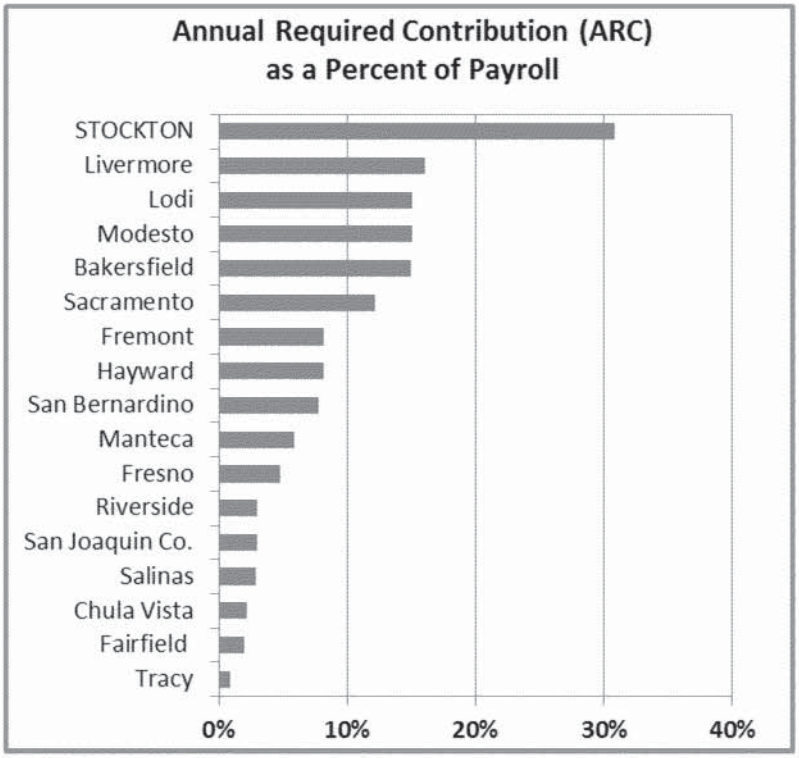
Among the largest unfunded liabilities facing the City are costs associated with providing promised pension benefits and retiree medical benefits. Stockton, like most California cities contracts with the California Public Employees Retirement System (CalPERS) for a defined benefit pension program on behalf of City employees. Also, like most cities in the State, Stockton enhanced pension programs in the 1990's and early 2000s. In 2011, Stockton proposed new lower cost retirement programs for new employees to all bargaining units, and has been negotiating to reduce pension benefits. At this point all unions have agreed to new tiers but SPOA and SCEA, but due to PERS rules the City cannot go forward implementing a new tier for any groups (except Fire) without agreement from these two groups. Adding new lower tier benefits has also become commonplace in California as local governments address structural deficit issues.

The other large and costly benefit Stockton offers to retired employees is lifetime medical coverage, equivalent to that provided current employees, for retirees and their spouses, which is fully paid by the City. Unlike the CalPERS pension benefit, this retiree benefit is not typically provided by cities in California. In fact, to the best of the City's understanding, the Stockton retiree medical benefit is the most generous retiree medical coverage plan provided by any significantly sized city in the State. In addition as will be explained below, the retiree medical coverage provided by Stockton does not cover all retirees, only the more recent retirees, and these individuals typically have larger pensions than the retiree population as a whole.

Retiree Medical Benefit Among Stockton's Comparison Agencies

Entity	Annual Required Contribution (ARC)	ARC % of Payroll	Unfunded Actuarial Accrued Liability	1/1/2012 Population	UAAL per Capita	Funded Ratio	Covered Payroll
Stockton	$31,436,257	30.81%	$416,737,585	295,707	$1,409	0.00%	$102,040,120
Livermore	$5,327,000	16.05%	$92,359,000	82,400	$1,121	3.36%	$33,196,000
Sacramento	$33,335,000	12.11%	$376,417,000	470,956	$799	0.00%	$275,252,000
Modesto	$12,170,874	15.02%	$104,399,231	203,085	$514	0.00%	$81,027,934
Hayward	$6,302,436	8.13%	$68,437,624	147,113	$465	0.75%	$77,520,736
Fremont	$6,071,000	8.20%	$67,049,000	217,700	$308	0.00%	$74,073,000
Salinas	$1,397,000	2.90%	$45,700,000	152,401	$300	0.00%	$48,200,000
Bakersfield	$9,495,763	14.91%	$101,430,667	354,480	$286	10.70%	$63,685,205
Lodi	$1,415,969	15.05%	$17,710,456	62,825	$282	0.00%	$9,409,782
Manteca	$1,543,000	5.85%	$18,320,000	69,815	$262	0.00%	$26,368,000
Riverside	$5,617,000	3.00%	$54,900,000	308,511	$178	0.00%	$187,233,333
San Joaquin County	$10,929,000	2.97%	$108,600,000	695,750	$156	0.00%	$367,700,000
Fairfield	$797,000	1.99%	$14,831,000	106,379	$139	0.00%	$40,000,000
Fresno	$11,734,997	4.76%	$84,252,383	945,711	$89	0.00%	$246,461,400
Chula Vista	$1,470,000	2.13%	$11,885,000	249,382	$48	0.00%	$69,087,000
San Bernardino	$6,084,000	7.71%	$61,371,000	211,674	$290	0.00%	$78,951,000
Tracy	$310,883	0.84%	$2,295,979	83,900	$27	0.00%	$37,100,000
Median of Agencies	$6,071,000	6.78%	$67,049,000	211,674	$286	0.00%	$74,073,000

The following chart illustrates further the degree to which Stockton's retiree medical benefits exceed its labor market.



In determining how to restructure its obligations, City management gave thought to this distinction and developed a proposal which tries to strike an equitable balance with respect to retiree obligations and keeps the City a competitive employer. Specifically the City has elected to target retiree medical costs for restructuring, but to attempt and preserve pension funding for current retirees and current employees who will retire under the CalPERS system.

Retiree medical costs are enormous and growing faster than either City revenues or other expenditures. Furthermore, every dollar that is spent on retiree benefits is a dollar that cannot be used to fund current services to the public. Because it is the City's priority to retain basic municipal services this is a cost area where substantial reductions are sought.

It is also an area in which Stockton is substantially out of alignment with industry standards relative to this type of benefit. The City contracted with a labor relations expert to collect comparable data on the retiree medical benefit offer by other municipal agencies. The results of the survey demonstrate that Stockton's retiree medical benefits are significantly higher than the surveyed agencies. The results of this survey can be found as Attachment 4.

Starting in 1980, the City provided retiree medical benefits to persons retiring directing from employment with the City. That earlier benefit for the retiree and one dependent ended when the retiree had reached age 65 or reached the maximum years the benefit would be provided (7-15 years). The City later agreed to provide an over 65-age retiree medical benefit that had no

end date for current employees. The dates when this expanded benefit was instituted vary for the following groups, as follow:

- 1985 Unrepresented Mgmt. group (including Law group and B&C)
- 1990 Police Management
- 1995 Fire Management
- 1996 Fire
- 1997 SCEA, OE3
- 1998 POA

Approximately 1,100 out of Stockton's total 2,400 retirees receive retiree medical benefits. These are the most recent retirees and the vast majority (over 80%) of these retirees also retired after the City added retirement enhancements and retired with greater pension benefits than previous retirees. These enhancements were.

- Police: 3@50 with Employer-Paid Member Contribution (EPMC) and additional survivor benefits – granted in 2000
- Fire: 3@50 with EPMC and additional survivor benefits – granted in 2001
- Miscellaneous: 2@55 – granted in 1993; in 1997, the City added enhancements including additional survivor benefits, EPMC, sick leave conversions etc.; in 2001, the City added the 5% COLA provision

Of the retirees with retiree medical benefits:

- 16.5% are Fire retirees, 22.5% are Police and 61% are miscellaneous retirees.
- 8.6% had less than 10 years of service with the City (note that most of these are Misc. employees rather than Safety, and some left short periods of Stockton employment), 26.3% had 10-19 years of service, 41.1% had 20-29 years, and 24% had over 30 years of City service.
- 33% of the retirees are over 65, and 67% are under 65.
- Survivor benefits for spouse of deceased retirees were never approved by any City Council except for OE3 units. Survivor benefits were approved by a City Manager for unrepresented employees and then extended by the Human Resource department without authorization.

Currently, the retiree medical benefit for these retirees is the full premium paid by the City for the retiree and one dependent. No minimum years of service with Stockton are required to receive this benefit except for SCEA and OE3 groups who have a requirement of 15 years of City of Stockton service. There is no cap on the City's costs for the retiree/dependent premium.

The City's current retiree medical benefits are dramatically out of step with the labor market. Many agencies provide either no benefit at all or they have some limited contribution that is made while the employee is employed. (This is done either as a percent contribution to an account or the cashing out of a portion of sick leave. Since it is a fixed dollar amount that varies with the employee, it is not a lifetime benefit. Once the money is gone, the retiree gets no other

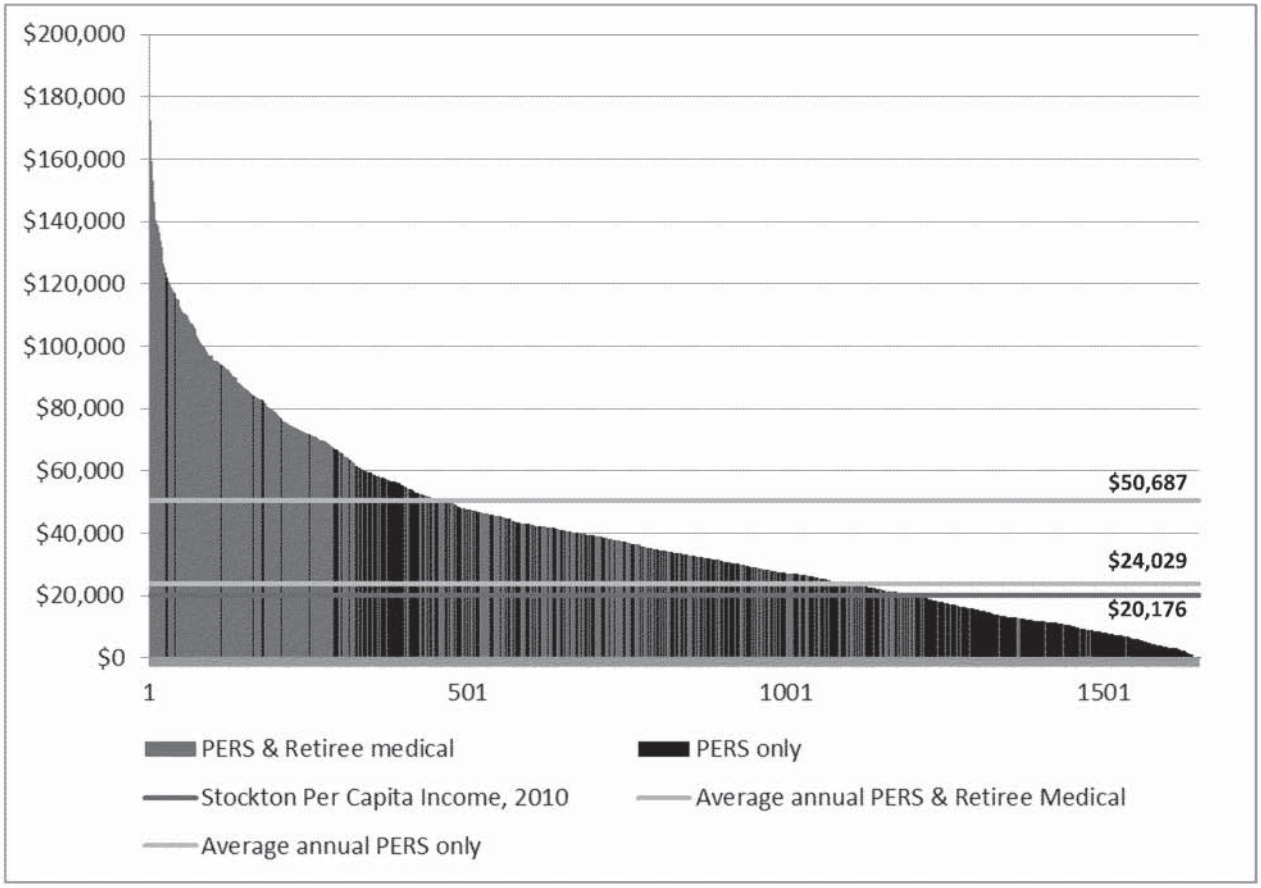
benefit.) Even agencies that give an ongoing contribution for life make a fixed dollar contribution, are more modest and usually are dependent on the number of years of service.

The City's most recent Other Post-Employment Benefits (OPEB) study calculates the City's unfunded OPEB liability at $417 million for retiree medical. The City has never prefunded any retiree medical benefit and pays the annual cost as a pay as you go basis.

The FY11-12 City expenditure for retiree medical is $15 million, of which $9 million is a General Fund cost. Segal, the City's actuary, projects that the City annual pay-as-you-go costs for retiree medical will double in 10 years.

It is also important to note that the retirees with medical coverage receive higher pensions, on average, than those without. This is because those with medical coverage retired more recently at higher salaries and with enhanced retirement benefits. The graph below shows annual pension amounts for retirees with and without retiree medical coverage.

Figure 1. Annual Pension for Retirees with and without Retiree Medical



Notes:

1. Graph is based on the most complete and current data which CalPERS was able to provide. CalPERS is currently merging 56 separate databases and will not have capability to run better reports until this project is completed
2. Data does include all known retirees with medical retirement benefits. Data also includes many older retirees, but not all, since the total number of data points is less than total reported beneficiaries. Some beneficiaries with and without retiree medical may have limited Stockton service time or be contingent beneficiaries of one type or another.

AB 506 Proposals

1. Effective July 1, 2012, eliminate all Retiree Dental benefits to current and retired department heads and some City Manager office management employees. The benefit is only provided to department heads and some management employees in the City Manager's Office when they retire until age 65. Savings is $30,000 total ($16,000 General Fund) annually.

2. Eliminate all Retiree Medical Benefits for current and future retirees.

   A. Effective July 1, 2012, reduce the City contribution towards the cost of retiree medical for current and future retirees. Reduce City 's contribution retiree medical benefits for current retirees and employees to a fixed dollar amount of:
      - $450 per month for retirees with at least 30 years of City service
      - $300 a month for retirees with at least 20 years of City service
      - $150 a month for retirees with at least 10 years of City Service
      - Current retirees and employees with less than 10 years of City service would not receive any retiree medical benefits.
      - City Contribution is to retiree only, and no survivor benefits are provided. Current survivors (approximately 50) would be treated the same as current retirees, but any new survivors would not receive a City contribution.
      - Survivors of Management employees who died while employed and who are receiving lifetime family medical from the City will be treated the same as retirees. This change would not apply to public safety employees killed in the line of duty where state law requires survivor benefits and the State of California reimburses the City for these expenses.

      Cost: In FY12-13 the cost would be $3.3 million (all funds) or General Fund $2.1 million. General Fund savings in FY12-13 would be $7.1 million.

   B. Effective July 1, 2013, all retiree medical benefits for current retirees and employees are eliminated.

      Projected City cost $0. General Fund savings in FY13-14 would increase by $2.4 million, to a total of $9.5 million. In addition the City would avoid significant cost increases that would otherwise occur in future years.

3. Since the City operates a self-funded medical plan and has risk and exposure to claims costs, retiree enrollment at their own expense in City sponsored medical plans will not be allowed after July 1, 2013.

See Attachment 3 for labor unit MOUs incorporating proposed retiree changes.

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Debt Proposal

Background

Only certain types of debt can be issued in California without two-thirds voter approval. Enterprise revenue obligations can be issued as long they are payable from revenues of a special fund, like Stockton's water and sewer enterprise funds. Revenues for these funds are derived from rates and charges sufficient to pay debt service and provide debt service coverage, which are subject to limitations as to use and imposition under Proposition 218 (Article XIIID, Section 6 of the California Constitution). Such revenue bonds only can be issued for enterprise purposes and not for General Fund related purposes. Tax allocation bonds could be issued by redevelopment agencies (prior to the passage of ABx1 26) as long as sufficient tax increment was available to pay debt service and provide debt service coverage. Tax allocation bonds could only be issued to build projects within the specified redevelopment project areas. Assessment District and Community Facilities District (Mello-Roos) financings for infrastructure in new developments are very common tools used by the development community to access much cheaper tax-exempt financing. These districts require a property owner vote but are usually formed with one or a few developers voting, making the election a rather straightforward process, and are used to finance specific projects within specific developments. These are commonly called "land-secured" financings.

Unfortunately, short of these tools or two-thirds voter approval for General Obligation bonds, cities in California have few tools to finance large General Fund supported infrastructure projects. Article XVI, Section 18 of the California Constitution (the "Debt Limit") generally prohibits cities from incurring debt beyond the fiscal year without 2/3 voter approval. The Lease Revenue Bond ("LRBs") and Certificates of Participation ("COPs") structures were developed many years ago to provide additional financing tools to local governments. These lease financing mechanisms are commonly used by California cities and have been in use for many years. Certain types of long term leases do not run afoul of the Debt Limit, under the authority of a series of Supreme Court cases (these types of leases are known as "Offner-Dean" leases -- so named after the two seminal Supreme Court decisions). Stockton utilized the Offner-Dean lease structure to incur most of the General Fund debt it has outstanding (the exception being the Pension Obligation Bonds, which rely on a different Debt Limit exception, and the DBAW loan, which does not have a Debt Limit exception). Unfortunately, these types of obligations do not carry with them the ability to raise revenues through taxation or otherwise, Many cities, including Stockton, incurred lease obligations payable from of the unrestricted funds of the city, but intended to use other revenue streams to actually make the payments (such as developer fees, redevelopment tax increment, or operating revenues of a facility). For many cities, including Stockton, the underlying revenue streams intended to be used to repay these obligations fell precipitously during the recession, and that has placed increased pressure on their ability to repay.

City Debt Obligations

From 2001 to 2009, the City undertook an aggressive development program and borrowed heavily to meet its goals. It also gambled on the stock market and issued $127 million in

Pension Obligation Bonds to finance its PERS unfunded liability that was largely created by enhanced retirement benefits in the 1990's and early 2000's. Unfortunately, given the economic realities of today, the level of debt is unsupportable both now and into the foreseeable future. Debt is a cost component which has not been addressed in the City's budget process until now and, if not dealt with, will increase substantially in the next few years. The fact of the matter is that there were very real risks associated with all the debt the City took on. These risks were outlined in the Official Statements associated with each debt issue. Unfortunately, the risks have now become reality, and the City is no longer able to pay the debt as originally structured.

It is important to note that most of the City's General Fund debt commitments are structured as lease transactions secured by a leasehold interest in some facility or asset. Some of these assets are essential to City operations, such as the Main Police facility, some are public recreational facilities such as Oak Park, and some are of more a commercial nature, such as the 400 East Main Building and parking structures. Stockton issued significant levels of LRBs and COPs during the boom period to finance many large infrastructure projects including the Arena also secured by Waterfront tax increment (2004 Arena Bonds), the purchase of the 400 E. Main building (2007 VRDOs) and to construct downtown parking (2004 Parking). It used the LRBs and COPs structure to provide housing funds before the redevelopment project areas had sufficient tax increment to sell on that credit alone (2003 Housing COPs).

In addition, the City issued Pension Obligation Bonds (POBs) in 2007 to reduce the cost of the City's unfunded liabilities largely created by the enhanced PERS retirement benefits. Unfortunately, nearly one-third of the asset value was lost as stock markets dropped during the financial crisis. This obligation is an unsecured obligation of the City, with no other collateral or pledged revenue stream committed to the payment of debt service. It is exempt from the requirements of the Debt Limit because it refinanced an "obligation imposed by law" – the obligation to fund unfunded pension liability – and was validated in court. The City also entered into a loan agreement with the California Department of Boating and Waterways ("DBAW") to finance marina facilities and related improvements. This obligation is not a lease structure, but rather a loan with the marina revenues pledged for repayment and the marina facilities securing the loan. However, this obligation does not enjoy a Debt Limit exemption, was not voter approved, and is therefore not an enforceable obligation of the General Fund absent a voluntary appropriation by the City Council to pay debt service. The gross revenues of the Marina are validly pledged for repayment, but the marina currently operates at a loss (before debt service) and if the State were to take the gross revenues to pay debt service, the Marina would need to be closed because there would not be sufficient funds to operate it, and that would in turn eliminate all revenues. The City's General Fund currently subsidizes the operation of the Marina by approximately $150,000 per year before debt service.

The City also engaged in complex interfund borrowing in funds accumulating money for capital improvements. These poorly documented loans and transfers created cash shortfalls in funds now required to fund projects. Bonds issued in 2009 (2009 PFFs) were used to unwind several of these internal loans with the bond proceeds used to reestablish dollars in those funds that had lent money to other funds. Now such revenues are needed to fund projects of their own. Unfortunately, since annual housing permits have dropped -- from nearly 3,000 per year in the

years before the recession to less than 150 per year today -- this has made it impossible for the funds to make the full debt service payments requiring a General Fund subsidy.

Lastly, some, not all, of the obligations were structured with increasing debt service each fiscal year assuming growth and development would continue. As debt service grows, it places increasing pressure on the General Fund to make up any shortfalls. Annual debt service will grow from about $17.9 million in FY12-13 to a little over $24.4 million by FY23-24 unless corrective actions are taken.

Factors for Debt Proposal

This proposal is based on two basic factors:

- Secured vs. Unsecured – Is the obligation secured by any asset or other pledge? For any obligation that is unsecured (i.e. pension obligation bonds) the General Fund will provide no payment support, and
- Essentiality of Assets – If the obligation is secured, is the collateral essential? For the lease transactions where the assets are essential, protect the asset by first pledging any outside repayment source like redevelopment tax increment, development fees, or parking funds, but limit or eliminate any General Fund subsidy.

The debt proposal looked at each obligation as a stand-alone instrument analyzing the secured versus unsecured status as well as the essentiality of the leased assets, if any. This resulted in three obligations remaining and being restructured, with each obligation treated equally on a net present value basis. The methodology for this proposed restructuring is as follows:

- Five years of no payments from the General Fund for debt service.
- Internal non-General Fund funding along with the reserve fund or reserve fund surety pays debt service until exhausted.
- The remainder of debt service, not otherwise paid, along with dollars drawn against the reserve fund surety policy, is taken as the impaired amount.
- The remaining bonds outstanding are combined with the impaired amount, and a new principal amortization was run with interest only for the first five years from FY17-18 to FY21-22 and full amortization of level fiscal year debt service from FY22-23 to FY51-52 (30-years).
- The total program life is 40-years (five years no debt service, five years interest only and 30-years full amortization.
- The assumed interest rate on the restructured obligations is approximately half of the current State of California GO bond rate or 2.5% and the assumed discount rate is 5.0%.

The results of this analysis decreased total debt service paid by the City by $355.2 million over the life of the proposal. Since the payments on the four restructured obligations were stretched out to FY51-52, the net present value savings to the City is approximately $219.3 million (assuming a discount rate of 5.0%). For each restructured obligation, the creditor receives its full principal and interest payments including repayment of impaired amounts but takes place

over an extended period of time resulting in a 45.5% discount on a net present value basis. However, under this proposal two creditors (2007 POBs and DBAW) are deeply or fully impaired

Listing of Obligations and Summary of Proposals

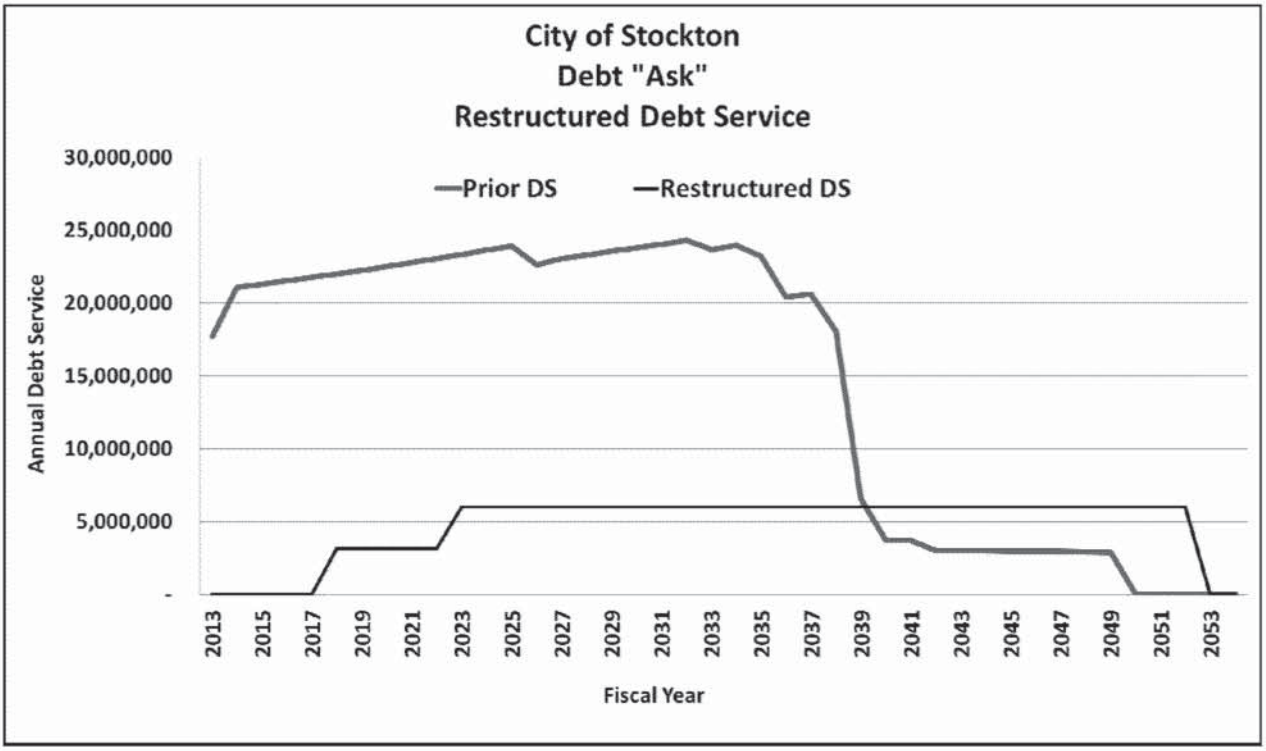
- 2003 Housing COPs (Secured by: library, main police facility, and fire stations 1, 5 and 14 - Credit Enhancement: Ambac):
    - Restructured with continued General Fund backstop. The former housing tax increment would still be used as the internal source of repayment until the project areas mature, but current projections show little if any housing tax increment available for this obligation in the near to medium term.
- 2006 ESB (Secured by: Stuart Eberhart Building - Credit Enhancement: NPFG):
    - Restructured, with no General Fund payments, pledge or backstop. Revenues that would be pledged to debt repayment would be parking revenues (85%) with a small portion (15%) paid by public facility fees (PFFs) for police.
- 2007 VRDOs (Secured by: 400 E. Main - Credit Enhancement: Assured Guaranty):
    - Restructured and continued General Fund backstop. The building does not generate net operating revenue before debt service at current leasing levels. Proposal includes a pledge of all building net revenues up to the amount of the originally scheduled debt service, and the General Fund would backstop up to the amount of the restructured debt service.
- 2009 PFFs (Secured by: Oak Park, Van Buskirk Golf Course and Swenson Golf Course - Credit Enhancement: None):
    - Restructured, with no General Fund payments, pledge or backstop. This obligation would receive only the support of PFF funds in Fire, Police, Parks and Streets (the four funds that utilized the original bond proceeds and are tasked with repayment). The City would pledge only the annual PFF revenue collected within each respective fund to the repayment of debt service.
- The 2004 Events Center (Secured by: Stockton Events Center and Arena - Credit Enhancement: NPFG):
    - Remove General Fund backstop. However, no restructuring of the payments on this obligation is anticipated because assuming that the current pledge of former redevelopment tax increment from the Waterfront Project Area will cover stated debt service. Note however, that there is risk associated with this revenue stream.
- 2004 Parking Bonds (Secured by: Arena Parking Garage, Ed Coy Parking Garage and Market Street Parking Garage - Credit Enhancement: NPFG):

- The City intends to pay nothing from the General Fund toward this obligation. The city does not intend to reestablish its possessory interest in the leased assets, and will remain in default on any obligation to make up shortfalls from operating revenue. The City of Stockton no longer has possessory interest in the leased premises pursuant to two decisions filed on April 19th by the Superior Court of the State of California County of San Joaquin granting Wells Fargo Bank, National Association "Judgment of Possession After Unlawful Detainer" and also appointing a receiver under an "Order Appointing Receiver." The City is working diligently with the receiver to structure a handover and operating program for the leased parking garages.

- 2007 POBs (Secured by: Unsecured - Credit Enhancement: Assured Guaranty):
  - Debt service on this obligation is an unsecured obligation payable from the General Fund, but is legally allocable to several funds within the City, including some solvent restricted funds such as the water and wastewater enterprise funds. Since there is no collateral securing this obligation the City does not intend to pay any debt service from the General Fund moving forward, but will continue to pay the portion of debt service legally allocable to restricted funds that are solvent, such as the water fund.

- Department of Boating and Waterways (DBAW) marina facilities:
  - The City does not believe there is a legally enforceable obligation to pay debt service on this obligation from its General Fund, due to the Debt Limit. The City is willing to continue the pledge of gross revenues of the marina, but since the marina currently operates at a net loss, any attempt to divert marina revenues from operating costs to debt service would require closure of the marina, thus eliminating all revenues. If the State does not want to take over the marina and/or sweep gross revenues for debt service, the City will continue the modest subsidy (about $150,000 per year) to keep it open, but will not pay any debt service.

Following is a graph showing the results of this proposal on gross debt service:



The following chart on the shows the debt obligations that are proposed for restructuring. See Attachment 6 for detailed information and before and after debt service schedules for each debt obligation.

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Summary of Impact by Bond Issue

	2003 Housing COPs	2004 Events Center	2004 Parking	2006 LRBs
Principal Outstanding:	$12,625,000	$45,135,000	$31,640,000	$12,085,000
Notes:	Restructured	Debt "As-Is"	Impaired	Restructured
Assets Pledged:	Maya Angelou Library Main Police Facility Fire Stations 1, 5, 14	Stockton Events Center and Arena	Arena Parking Garage Ed Coy Parking Garage Market Street Garage	Essential Services Bldg SEB Parking Garage
Funding Source(s):	Backed by GF	Paid by Former RDA	N/A	Parking / PFFs Only
Credit Enhancement:	AMBAC	NPFG	NPFG	NPFG
Reserve Fund Offsets:	Net of Cash RF		Net of Cash RF	Net of Surety
Other Offsets:				
Other Structuring Notes:	No DS First 5-Yrs			No DS First 5-Yrs

	2007 POBs	2007 VRDOs	2009 LRBs	DBAW
Principal Outstanding	$124,280,000	$40,355,000	$35,080,000	$10,837,363
Notes:	Partially Impaired	Restructured	Debt "As-Is"	Impaired
Assets Pledged:	Unsecured Obligation	400 E. Main Building	Oak Park Van Buskirk Golf Course Swenson Golf Course	Unsecured Obligation
Funding Source(s):	Across City Departments	GF / Building Net Revs	PFFs Only	None
Credit Enhancement:	Assured Guaranty	Assured Guaranty	None	None
Reserve Fund Offsets:	N/A	Net of Surety	Net of Cash RF	N/A
Other Offsets:	Net of Non-GF $s		Net of PFF Cash	
Other Structuring Notes:		No DS First 5-Yrs		

COPS=Certificates of Participation
DBAW=Dept of Boating & Waterways
DS=Debt Service
LRBs=Lease Revenue Bonds
POBs=Pension Obligation Bonds
RF=Reserve Fund
VRDOs=Variable Rate Demand Obligations

Other Contracts & Claims Proposal

Five contracts or claimants are not included above, and the total proposal for these is $2.0 million per year. Each is discusses further hereafter. The principles involved are that the City should reduce non-essential costs and subsidies related to entertainment facilities as well as expenditures related to legal settlements that limit funds available for city service. The table below shows the contracts and settlements that are proposed for restructuring through the AB 506 process.

Obligation	Obligated Amount / Potential Liability	Annual Commitment	Proposal
Legal: Jarvis / MUD Settlement (1)	31,556,902	1,127,032	Give up entire repayment obligation
Legal: Price Settlement (2)	1,400,000		$1.4M and agreement is extinguished
Legal: Marina Towers Case	1,875,000	312,500	No payments for 5 years then reduced by half thereafter
Ice Hockey Sports Team League and Baseball Port Team Lease (3)	15,600,000	1,170,051	$600,000 annual; total of $7.8M new obligation (reduce City subsidy by 50%)
Total	33,797,000	2,609,583	

(1) On October, 2006 a lawsuit (*Howard Jarvis Taxpayers Assoc., et al. v. City of Stockton)* was filed contending that transfers of fees levied on water, wastewater and storm drain utilities violated Proposition 218 on the grounds that the transfers caused utility fees to be used for purposes other than providing the utility services for which the fees were charged. A settlement agreement reached in March, 2009 required the City's General Fund and Capital Improvement Fund to repay over a thirty year period $20,268,225 in principal plus $13,542,739 in accrued interest, for a total estimate of $33,810,964. Annual payments of $1,127,032 are funded by a transfer from the General Fund, and $31,556,902 remains to be paid.

(2 Could be over $5 million in cost; requires increase in affordable housing, and with loss of RDA, obligation now rests with City.

(3) City may retain an expert to assist it with renegotiation of the sports-related leases.

Jarvis Case

The Jarvis case settlement requires the City to pay from the General Fund annually the amount of $685,259.81 to the City's Wastewater Fund, and $441,772.33 to the Water Fund, until FY39-40, for a total remaining obligation of $31,566,899.92 as of 6/30/12. This settlement addressed a longstanding City practice of transferring certain utility revenue to the General Fund on the basis of a fixed percentage of gross utility revenue. This practice was replaced on a going forward basis with a legally sufficient process for reimbursement of General Fund expenses, and the remaining payments owed reflect a "claw back" of utility revenue wrongly paid into the General Fund in prior years. The proposal is a complete forgiveness of all future payments. None of the remaining payments go to the Jarvis plaintiffs, and the objectives of their suit will still be achieved through the City's agreement to reform its financial practices going forward.

The following schedule shows the remaining payments due from the General Fund to the Water and Wastewater Funds (there are no payments to the Jarvis plaintiffs), and the proposed payments, which would stop effective with FY12-13.

Jarvis Settlement to Wastewater and Water Fund

Fiscal Year	Balance Due July 1	Interest Rate	Current Interest	Current Principal	Current Payment	Proposed Payment	Variance
2011	20,268,224.51	4.00%	-	1,127,032.14	1,127,032.14	1,127,032.14	-
2012	19,141,192.37	4.00%	765,647.70	361,384.44	1,127,032.14	1,127,032.14	-
2013	18,779,807.93	4.00%	751,192.32	375,839.82	1,127,032.14	-	(1,127,032.14)
2014	18,403,968.11	4.00%	736,158.73	390,873.41	1,127,032.14	-	(1,127,032.14)
2015	18,013,094.70	4.00%	720,523.79	406,508.35	1,127,032.14	-	(1,127,032.14)
2016	17,606,586.35	4.00%	704,263.46	422,768.68	1,127,032.14	-	(1,127,032.14)
2017	17,183,817.67	4.00%	687,352.71	439,679.43	1,127,032.14	-	(1,127,032.14)
2018	16,744,138.24	4.00%	669,765.53	457,266.61	1,127,032.14	-	(1,127,032.14)
2019	16,286,871.63	4.00%	651,474.87	475,557.27	1,127,032.14	-	(1,127,032.14)
2020	15,811,314.36	4.00%	632,452.58	494,579.56	1,127,032.14	-	(1,127,032.14)
2021	15,316,734.80	4.00%	612,669.39	514,362.75	1,127,032.14	-	(1,127,032.14)
2022	14,802,372.05	4.00%	592,094.88	534,937.26	1,127,032.14	-	(1,127,032.14)
2023	14,267,434.79	4.00%	570,697.39	556,334.75	1,127,032.14	-	(1,127,032.14)
2024	13,711,100.04	4.00%	548,444.00	578,588.14	1,127,032.14	-	(1,127,032.14)
2025	13,132,511.90	4.00%	525,300.47	601,731.67	1,127,032.14	-	(1,127,032.14)
2026	12,530,780.23	4.00%	501,231.21	625,800.93	1,127,032.14	-	(1,127,032.14)
2027	11,904,979.30	4.00%	476,199.17	650,832.97	1,127,032.14	-	(1,127,032.14)
2028	11,254,146.33	4.00%	450,165.85	676,866.29	1,127,032.14	-	(1,127,032.14)
2029	10,577,280.04	4.00%	423,091.20	703,940.94	1,127,032.14	-	(1,127,032.14)
2030	9,873,339.10	4.00%	394,933.56	732,098.58	1,127,032.14	-	(1,127,032.14)
2031	9,141,240.52	4.00%	365,649.62	761,382.52	1,127,032.14	-	(1,127,032.14)
2032	8,379,858.00	4.00%	335,194.32	791,837.82	1,127,032.14	-	(1,127,032.14)
2033	7,588,020.18	4.00%	303,520.81	823,511.33	1,127,032.14	-	(1,127,032.14)
2034	6,764,508.85	4.00%	270,580.35	856,451.79	1,127,032.14	-	(1,127,032.14)
2035	5,908,057.06	4.00%	236,322.28	890,709.86	1,127,032.14	-	(1,127,032.14)
2036	5,017,347.20	4.00%	200,693.89	926,338.25	1,127,032.14	-	(1,127,032.14)
2037	4,091,008.95	4.00%	163,640.35	963,391.79	1,127,032.14	-	(1,127,032.14)
2038	3,127,617.16	4.00%	125,104.69	1,001,927.45	1,127,032.14	-	(1,127,032.14)
2039	2,125,689.71	4.00%	85,027.59	1,042,004.55	1,127,032.14	-	(1,127,032.14)
2040	1,083,685.16	4.00%	43,346.98	1,083,685.16	1,127,032.14	-	(1,127,032.14)
			13,542,739.69	20,268,224.51	33,810,964.20	2,254,064.28	(31,556,899.92)

Water share equals	39.198%
Wastewater share equals	60.802%

Price Case

The Price case arose out of the City's activities related to the condemnation and vacating of certain single room occupancy hotels in the downtown area. The settlement agreement has two distinct obligations. The first relates to the payment of certain relocation claims, and includes the obligation to fund $1.4 million. The City has paid a number of claims, and it is the City's position that the first obligation has therefore been reduced to approximately $900,000. The second obligation goes to the facilitation or production of low income housing units. The City has largely met this obligation through the City and Agency housing-related loan programs. However, there is some increment (the exact remaining obligation is the subject of some disagreement between the parties) of this obligation that remains. The proposal includes complete forgiveness of the obligation to set aside funds for relocation claims (the likelihood of further valid claims is very low) and/or to use the set aside funds for other housing-related purposes. Further, the remaining obligation related to the production of housing units (having been largely met) would be forgiven as well. The resulting proposal is therefore the complete forgiveness and cancellation of the Price settlement agreement.

Marina Towers Case

The City currently owes $1,875,000 payable in six annual installments of $312,500 through FY17-18. The Marina Towers matter was an eminent domain case relating to the City's purchase of the property from the defendants. The City's position is that this eminent domain matter has been compromised and now constitutes an unsecured agreement that may be addressed in the same manner as other general unsecured claims. The proposal includes a debt holiday for five years, a reduction in principal and forgiveness of all interest earned. The reduction in principal should correspond to the reduction being requested of other participants, with future payment terms structured to fit within the City's means going forward.

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The following schedule shows the remaining payments due to the Marina Towers plaintiffs.

City of Stockton
Marina Towers
Legal Settlement
Gross Debt Service Schedule (Current Obligation)

Date	Beginning Principal	Principal	Rate	Interest	Annual Debt Service	Fiscal Year	Ending Principal
6/1/2013	1,875,000.00	312,500.00	-	-	312,500.00	2013	1,562,500.00
6/1/2014	1,562,500.00	312,500.00	-	-	312,500.00	2014	1,250,000.00
6/1/2015	1,250,000.00	312,500.00	-	-	312,500.00	2015	937,500.00
6/1/2016	937,500.00	312,500.00	-	-	312,500.00	2016	625,000.00
6/1/2017	625,000.00	312,500.00	-	-	312,500.00	2017	312,500.00
6/1/2018	312,500.00	312,500.00	-	-	312,500.00	2018	-
Totals		**1,875,000.00**		**-**	**1,875,000.00**		

The following schedule shows the amounts that would not be paid in FY12-13 through FY16-17.

City of Stockton
Marina Towers
Legal Settlement
Estimated Cash Flow

Total Projected Unpaid Principal and Interest (Includes Reserve Fund Draws):	**1,562,500.00**
Amount Unpaid 3/1/2012 (per City Council Action of 2/28/12)	**-**
Total Unpaid Amount	**1,562,500.00**
Remaining Unpaid Principal	**312,500.00**
Restructured Issue Size	**1,875,000.00**

Reserve Fund **-**

Fiscal Year	Fiscal Year Debt Service	Less Projected Available Revenues	Remaining Fiscal Year Debt Service	Less: Draws Against Reserve Fund Corpus	Remaining Unpaid General Fund Debt Service
2013	312,500.00	-	312,500.00	-	312,500.00
2014	312,500.00	-	312,500.00	-	312,500.00
2015	312,500.00	-	312,500.00	-	312,500.00
2016	312,500.00	-	312,500.00	-	312,500.00
2017	312,500.00	-	312,500.00	-	312,500.00
Totals	**1,562,500.00**	**-**	**1,562,500.00**	**-**	**1,562,500.00**

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The following schedule shows the restructured payment schedule for Marina Towers from FY12-13 through FY32-33, including no payments from FY12-13 through FY16-17.

City of Stockton
Marina Towers
Legal Settlement
Gross Debt Service Schedule (Restructured Obligation)

Date	Beginning Principal	Principal	Rate	Interest	Fiscal Debt Service	Fiscal Year	Beginning Principal
7/1/2012	1,875,000						1,875,000
6/1/2013	1,875,000					2013	1,875,000
6/1/2014	1,875,000					2014	1,875,000
6/1/2015	1,875,000					2015	1,875,000
6/1/2016	1,875,000					2016	1,875,000
6/1/2017	1,875,000					2017	1,875,000
6/1/2018	1,875,000	115,000	-	-	115,000.00	2018	1,760,000
6/1/2019	1,760,000	115,000	-	-	115,000.00	2019	1,645,000
6/1/2020	1,645,000	115,000	-	-	115,000.00	2020	1,530,000
6/1/2021	1,530,000	115,000	-	-	115,000.00	2021	1,415,000
6/1/2022	1,415,000	115,000	-	-	115,000.00	2022	1,300,000
6/1/2023	1,300,000	115,000	-	-	115,000.00	2023	1,185,000
6/1/2024	1,185,000	115,000	-	-	115,000.00	2024	1,070,000
6/1/2025	1,070,000	115,000	-	-	115,000.00	2025	955,000
6/1/2026	955,000	115,000	-	-	115,000.00	2026	840,000
6/1/2027	840,000	120,000	-	-	120,000.00	2027	720,000
6/1/2028	720,000	120,000	-	-	120,000.00	2028	600,000
6/1/2029	600,000	120,000	-	-	120,000.00	2029	480,000
6/1/2030	480,000	120,000	-	-	120,000.00	2030	360,000
6/1/2031	360,000	120,000	-	-	120,000.00	2031	240,000
6/1/2032	240,000	120,000	-	-	120,000.00	2032	120,000
6/1/2033	120,000	120,000	-	-	120,000.00	2033	-
Totals		**1,875,000**		**-**	**1,875,000.00**		

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The following schedule compares the current and restructured payment schedule for Marina Towers.

City of Stockton
Marina Towers
Legal Settlement
Calculation of Payment Differential and Fiscal Impact

Date	Restructured Obligation	Current Obligation	Fiscal Year Difference	Fiscal Year
7/1/2012				
6/1/2013		312,500.00	(312,500.00)	2013
6/1/2014		312,500.00	(312,500.00)	2014
6/1/2015		312,500.00	(312,500.00)	2015
6/1/2016		312,500.00	(312,500.00)	2016
6/1/2017	-	312,500.00	(312,500.00)	2017
6/1/2018	115,000.00	312,500.00	(197,500.00)	2018
6/1/2019	115,000.00	-	115,000.00	2019
6/1/2020	115,000.00	-	115,000.00	2020
6/1/2021	115,000.00	-	115,000.00	2021
6/1/2022	115,000.00	-	115,000.00	2022
6/1/2023	115,000.00	-	115,000.00	2023
6/1/2024	115,000.00	-	115,000.00	2024
6/1/2025	115,000.00	-	115,000.00	2025
6/1/2026	115,000.00	-	115,000.00	2026
6/1/2027	120,000.00	-	120,000.00	2027
6/1/2028	120,000.00	-	120,000.00	2028
6/1/2029	120,000.00	-	120,000.00	2029
6/1/2030	120,000.00	-	120,000.00	2030
6/1/2031	120,000.00	-	120,000.00	2031
6/1/2032	120,000.00	-	120,000.00	2032
6/1/2033	120,000.00	-	120,000.00	2033
	1,875,000.00	**1,875,000.00**	**-**	

Sports Facilities & Leases - Overview

In March 2004, the City entered into four sport team leases and a facilities management agreement for the Stockton Events Center. The Stockton Ports, owned by 7th Inning Stretch had an exclusive lease at the Stockton Ballpark. The Stockton Thunder and Stockton Lighting were both owned by IFG-Stockton Franchise. The California Cougars were owned by American ProSports, which had common interests with Regent, an Events Center construction contractor. The City entered into a Facilities Management Agreement (FMA) with IFG Stockton for the Stockton Events Center Facilities. In the FMA, IFG Stockton was required to acquire the ice hockey and indoor football teams creating a common ownership for both the teams and management group. The City believes that this common ownership created a conflict of interest which negatively impacted the revenue terms. In 2007, the City Auditor reviewed contract terms and released an audit report stating "…though the arena has exceeded expectations in many areas, the City has not shared equally in the successes due to the unfavorable terms of the Team Lease Agreements. The terms of the Team Leases have a significant detrimental impact on the City…"

Arena - Stockton Thunder Lease

The City employed Economics Research Associates (ERA) to complete a feasibility study regarding the viability of the Stockton Arena in the current market. The base study estimated an annual deficit between $89,000 and $186,000 within a matrix which include sensitivities to attendance and events. That analysis was based on industry standard revenue sharing agreements but did not review the actual revenue sharing contract terms for the sport teams. The existing revenue-sharing agreements require higher subsidy from the City than originally expected. In FY07-08, the City absorbed a $2.1 million[2] operating deficit for Arena operations. The City's proposal includes a number of major items to restructure the Thunder Lease, as summarized in the following table. For FY12-13, The City anticipates a $1,051,902 subsidy for the Arena. If all of these changes are successfully implemented, the City could reduce the subsidy by $586,379, lowering the General Fund subsidy for FY12-13 to $465,523.

Recommended Changes	Fiscal Impact
Sponsorship/Advertising/Naming Rights/Pouring Rights	200,000
Concessions/Catering	165,000
Premium Seating	70,000
Rent Fees and Related Game Day Credits	41,000
Merchandise/Novelties	2,619
Parking Operations	32,760
Booking and Scheduling	75,000
Total Savings (FY12-13)	586,379

[2] A new FMA with industry standard language with the new operator SMG anticipates a reduction of operating subsidy to $830,000 FY13-14.

Ballpark - Stockton Ports Lease

The Ballpark lease with the Stockton Ports/7th Inning Stretch is another Events Center sport team lease structured in favor of the team. In FY12-13, the anticipated subsidy of the Ballpark is $426,000 because the City pays the majority of the facility and game day expenditures for all ports games and 20 non- game events and only shares in two revenue sources: a small component of (1) suite revenue and (2) facility fees.

The proposal includes several major recommendations to improve the Stockton Ports Lease from the operating account and one overhead cost. If the City is able to implement these changes, the City could equitably rebalance the revenue and expenditure elements and eliminate the subsidy. The following is a brief summary of the cost savings of the recommendations:

Recommended Changes	Fiscal Impact
20 "Ports Events" Facility Charge	100,000
Facility Fee Increase	76,972
City Charges per game	105,000
Possessory Interest	79,000
Premium Seating/Suite Splits	34,000
Parking	168,700
General Contract Terms	20,000
Total Savings (FY12-13)	583,672

Summary of AB 506 Proposals

How the above proposals are implemented and their timing will affect the annual savings the General Fund can expect to receive. Certain proposals will grow in value over time, such as labor benefits that increase with salary levels. The value of retiree benefits increase significantly, due to the projected increases in health costs and the increase in benefit-eligible retirees. Debt savings cannot be greater than paying nothing, so while most of the City's debt service is currently structured to increase annually, any proposal that results in resumption of restructured debt will lead to a reduced level of savings in the future.

The following table summarizes the proposals that relate to imposition of terms under the financial emergency resolution, or future increases under those current contracts that are not included in the baseline budget. Employees are asked to waive claims to these amounts, which total $21.7 million for the General Fund through the term of the current contracts. These savings are already included in the baseline budget, and thus do not improve the City's financial condition. However, failure to achieve these savings would significantly worsen the City's financial condition.

Summary of Proposal Savings Already in Baseline Budget

Proposals (rounded to nearest thousand dollars)	All Funds	General Fund
Labor Proposal – waive claim to amounts previously imposed in 2010 & 2011 through balance of contract period	$32,742	$19,596
Labor Proposal – waive claims to 2012-2014 increases through balance of contract period	4,567	2,129
Total – Savings Already in Baseline Budget	37,309	21,725

The following table summarizes the total proposals by category. Using FY12-13 dollars, savings of $32.1 million would accrue to all funds, 77.9% of which – $25.0 million – benefits the General Fund.

Summary of Annualized Savings in FY12-13

Proposals (rounded to nearest thousand dollars)	All Funds	General Fund
Labor Proposal – New Savings Proposals (1)	$6,275	$4,812
Retiree Proposal (1)	13,194	7,053
Debt Proposal (2)	10,549	10,549
Other Contracts/Claimants Proposal	2,610	2,610
Totals – Savings from Baseline Budget	32,628	25,024

(1) phase-out of benefits adds another $2.5 million to total savings in FY13-14, plus $800,000 growth in value of savings

(2) net savings in debt service after applying revenues from other funds

While the focus is on the General Fund, certain changes of necessity affect current obligations paid by a wide variety of City funds, and so certain savings will accrue to those other funds as well. The debt proposal was focused on reducing General Fund obligations, and the bond restructurings may result in a continuation of other funds making their share of debt service payments on bond payments currently backed by the General Fund, so no additional savings is assumed for those funds.

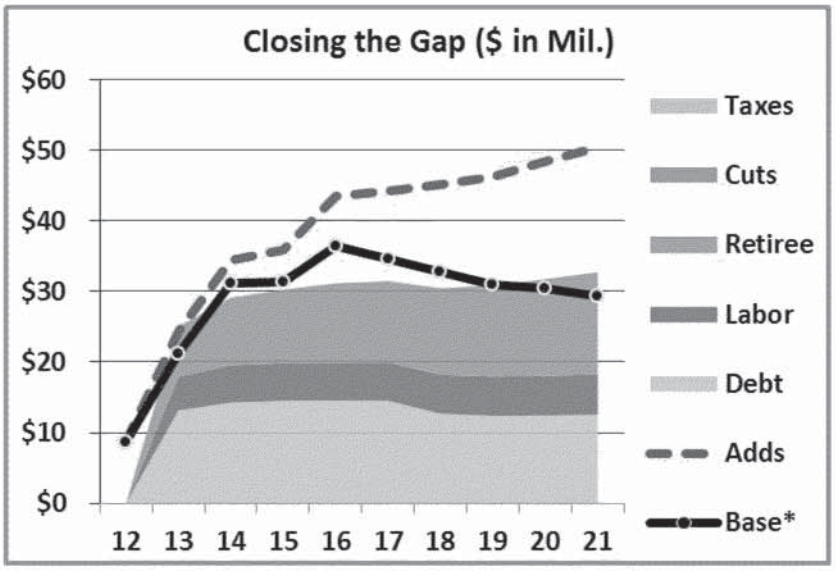
Fiscal Impact of AB 506 Proposals

The total annual savings from the proposed AB 506 proposals is $25.0 million in FY12-13, and averages $30.3 million annually through FY20-21. Unfortunately, while the AB 506 proposal savings is absolutely necessary, it alone is not sufficient to close the City's ongoing budget gap. The following table shows the impact of the City's proposed AB 506 savings on the General Fund budget shortfall. After AB 506 savings there is a $700,000 net shortfall in FY12-13, but the annual shortfall grows rapidly thereafter, to $5.4 million in FY13-14, to $12.3 million in FY15-16, and rising to $17.6 million by FY20-21.

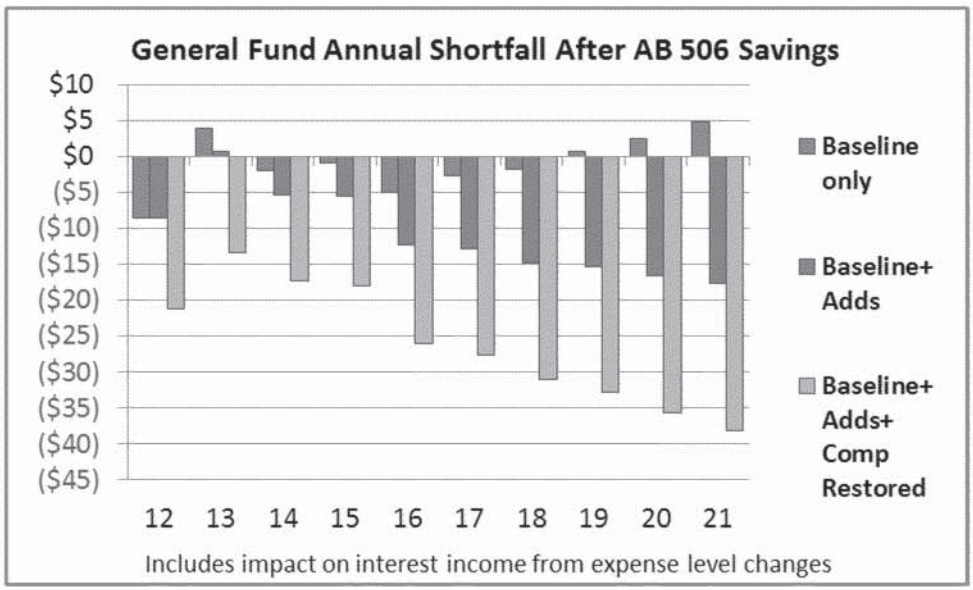
General Fund Baseline Budget Forecast With Fiscal Stabilization Expense After AB 506 Savings ($ in Mil.)

Baseline Budget:	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
Total Revenue	158.8	156.4	155.6	157.0	159.9	163.4	167.5	171.8	176.1	180.6
Total Expense	167.5	177.5	186.8	188.4	196.2	198.0	200.4	202.8	206.5	210.0
Net Shortfall	(8.7)	(21.2)	(31.2)	(31.4)	(36.4)	(34.6)	(32.9)	(31.0)	(30.4)	(29.4)
Fiscal Stabilization:										
Deferred Maintenance	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Technology/Workers Comp	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Eliminate Furloughs/Other	-	1.2	1.3	2.5	2.7	2.8	2.9	3.0	3.1	3.2
2% Salary/Health COLAs	-	-	-	-	2.4	4.9	7.5	10.2	12.9	15.8
Total Added Expense	-	3.2	3.3	4.5	7.1	9.7	12.4	15.2	18.0	21.0
Shortfall After Adds to Baseline	(8.7)	(24.3)	(34.5)	(35.9)	(43.5)	(44.3)	(45.2)	(46.2)	(48.4)	(50.4)
2/28/12 Council Actions:	15.2	-	-	-	-	-	-	-	-	-
AB 506 Savings:										
Labor	-	4.8	5.3	5.4	5.4	5.5	5.5	5.6	5.7	5.7
Retirees	-	7.1	9.6	10.4	11.2	11.5	12.2	12.9	13.7	14.5
Debt	-	10.5	11.7	11.9	11.9	11.9	10.2	10.2	10.2	10.4
Other Contracts/Claimants	-	2.6	2.6	2.6	2.6	2.6	2.5	2.2	2.2	2.2
Total AB 506 Savings	-	25.0	29.1	30.2	31.2	31.5	30.5	30.9	31.8	32.8
Shortfall After AB 506 Savings	6.6	0.7	(5.4)	(5.7)	(12.3)	(12.8)	(14.8)	(15.3)	(16.6)	(17.6)
Beginning Available Balance	(6.6)	-	0.7	(4.7)	(10.3)	(22.6)	(35.4)	(50.2)	(65.5)	(82.1)
Ending Available Balance	-	0.7	(4.7)	(10.3)	(22.6)	(35.4)	(50.2)	(65.5)	(82.1)	(99.8)

The following chart shows the level of the baseline-only net shortfall compared to the baseline plus fiscal stabilization expenses, and compares them to the total annual savings estimated to result from the City's AB 506 financial restructuring proposals. The debt category includes other contracts and claimants. To completely close the gap the intended solutions would have to reach or surpass the dashed line representing the baseline plus stabilization shortfall. Unfortunately, it does not.



The following chart compares shortfall levels after the proposed AB 506 savings at the (1) baseline budget level, (2) baseline budget with fiscal stabilization, and (3) with the increased expense levels associated with restoration of pay and benefits added to the second scenario.



As stated in the principles for the proposal, these proposals are intended to do more than allow the City to "get by" for another year. If the City is to be a fully functioning municipality providing needed services to our community, it is essential that sufficient changes be made in our cost structure to move the City toward health and sustainability.

The challenge is that the total savings from the City's proposals, alone, is not enough to get the City to financial health, and indeed is not even enough to match our best-case projected deficit. Further, none of these outcomes produces sufficient net resources for a General Fund reserve, which is essential for the City's fundamental fiscal security. Finally, even if the City were to achieve a balanced budget at the "stabilized" level ("baseline plus adds"), that budget would remain insolvent in terms of service delivery because it continues the current inadequately low level of City services, and does not allow for increased service levels to meet a growing population and needs in future years.

Therefore, to eliminate the shortfalls and create an adequate reserve of at least 10% of total expense, it is important to note that additional cost reductions, new revenue, or a combination of both are required for the City to be financially sustainable in the future. The City's unrestricted revenues which can be used for General Fund purposes are not and will not be sufficient for the foreseeable future.

One option for closing the remaining gap is additional expense reductions, which are within the authority of the City Council to enact. However, further reductions will exacerbate the current level of service delivery insolvency. The other option is revenue increases, which except in limited instances involving fees, requires voter approval. Depending on the level of tax increase, the deficits could be erased while maintaining current service levels. A case also could be made for higher tax increases to improve service levels, which will ultimately be needed to move Stockton forward. However, obtaining approval for tax increases in the current environment will not be feasible unless the City shows it has developed budget discipline in order to provide support for such approval, and as a start this will take implementation of the AB 506 plan regarding labor, retirees, debt and other contracts and claimants. Appropriate budget strategies will be developed in the fiscal year FY12-13 budget process and subsequent years to close the gap remaining after the conclusion of the AB 506 process.

For more information on the City's current long-range budget forecast, see Attachment 1.

List of Attachments:

1. Baseline General Fund Budget Forecast – Prior to AB 506 Restructuring
2. Summary of Changes in Staffing Levels and Summary of Pay and Benefit Cuts by Labor Unit
3. Labor MOUs Incorporating Proposed Labor Proposal Changes
4. Summary of City Survey Agencies on Retiree Medical Benefit
5. Summary of City Survey Agencies on Sick Leave at Separation Benefits
6. Debt Proposal Detail

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Attachment 1

Baseline General Fund Budget Forecast – Prior to AB 506 Restructuring

Property Tax – This tax comprises 27% of total General Fund revenues in FY12-13, and includes property tax in lieu of vehicle license fees. At $42.3 million, revenue is down 24% from the peak of $55.5 million in FY08-09. The following table shows the historical and estimated percent increases in property tax revenue:

09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
-12.1%	-4.0%	-5.0%	-4.9%	-3.6%	0.0%	2.0%	3.0%	4.0%	4.0%	4.0%	4.0%

The FY11-12 estimate was supplied by HdL Companies, the City's property tax consultant. Future years were projected by staff based on discussions with the consultant, county assessor, local developers, and taking into account local economic trends. Given the ongoing decline in median sales price (down throughout 2011, and a 4% drop in January), another decline is projected for FY13-14, followed by a net zero growth in FY14-15. By FY15-16, it is projected that value increases will be added under Prop 8[3], and increasing levels of new construction will push the ongoing growth rate to 4% annually by FY18-19. This is a mid-range estimate, given that there will be higher and lower growth years, and as the early 1980's, mid-1990's and last several years attest, there will be negative growth years as well.

Sales Tax – This tax comprises 25% of total General Fund revenues in FY12-13. At $38.0 million, revenue is down 10% from the peak of $42.1 million in FY07-08. The following table shows the historical and estimated percent increases in sales tax revenue, which has been updated since the 4/23/12 forecast:

09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
-12.4%	6.0%	6.7%	6.6%	2.3%	3.3%	3.2%	3.5%	3.5%	3.5%	3.5%	3.5%

The estimates for FY12-13 through FY14-15 were supplied by HdL Companies, the City's sales tax consultant. Future years reflect a mid-range growth estimate (which is higher than the 20-year average of CPI at 2.5%). Again, this is a mid-range estimate, taking into account that some years will be higher, and others lower (or negative). In addition to the effects of general economic conditions, there is continued downward pressure on sale tax levels from an ongoing shift to untaxed services, and increasing on-line purchases that avoid sales tax payment.

Utility Users Tax – The General Fund's third largest revenue source is the 6% utility user's tax on gas, electric, telecommunications, cable TV and water. This tax raises $31.4 million annually (20% of General Fund revenue), but grows at a slow rate as shown below, in part because of limited new construction,

[3] Under the California property tax system, the assessor may grant reductions in assessed value either as a result of appeals by property owners based on a drop in the market value below the base year value as adjusted under Prop 13, or even absent such appeals if the assessor determines that general market values have so declined. In San Joaquin and many other counties, assessors granted blanket reductions based on the significant decline in market values over the past 4 years. However, absent change of ownership locking in that new lower value as a base, in the event market values again increase, the assessed value of a property may increase by more than the 2% cap under Proposition 13 up to a maximum of the adjusted base value. *Ibid.*

telecommunications trends, and customer conservation efforts. The irony is that the city is discussing a Climate Action Plan that will by encouraging conservation. Water conservation efforts mandated by state law are having and will continue to have a similar effect.

09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
-0.4%	0.9%	0.8%	0.5%	0.4%	0.4%	1.0%	1.5%	1.5%	1.5%	1.5%	1.5%

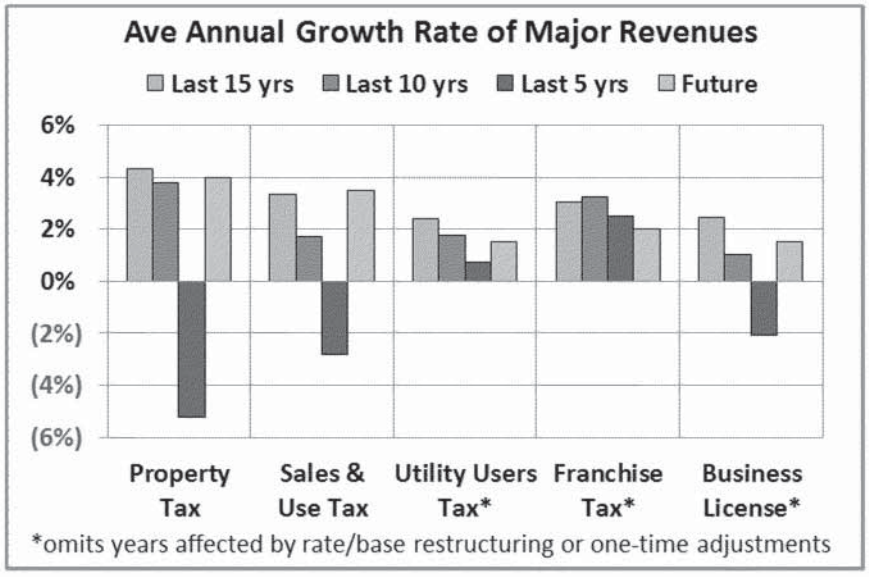
Franchise Tax – The 4th largest revenue source is the franchise tax on PG&E, cable TV/video and waste haulers annually (8% of General Fund revenue). Similar to the UUT, this $11.7 million tax is somewhat volatile, being based on franchisee gross receipts. It should be noted that the growth in FY11-12 and projected decrease in FY12-13 are due to certain one-time adjustments in the revenue source. Slower population growth, conservation and telecommunication industry trends will depress future revenue growth. The following estimates have been updated since the 4/23/12 forecast.

09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
-2.2%	1.3%	6.1%	-4.4%	1.1%	1.1%	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%

Business License Tax – The 5th largest revenue source is the $9.2 million business license tax, which comprises 6% of General Fund revenue. This tax on business gross receipts reflects changes in the overall economy, and is expected to grow slowly in coming years, given local economic conditions.

09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21
1.0%	-0.4%	-1.1%	1.0%	1.0%	1.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

The following chart shows the historical average annual growth rate over the long-term (15 years), medium-term (10 years) and short-term (5 years) for these five largest revenues, in comparison to the ongoing future growth rate for that revenue source contained in the budget forecast.[4]



[4] Selected year growth rates were omitted from the calculations if affected by restructuring of tax rates or base or other significant one-time adjustments, so just the "normal" volatility would be counted for comparison purposes.

Revenue Gap

Since FY08-09 the City has suffered significant revenue losses due to the deteriorated local economy. Total ongoing General Fund revenues (less one-time revenues/transfers in) have dropped from approximately $203.1 million in FY08-09 to $158.8 million in FY11-12, and further reductions are forecast. The table below shows that the gap in ongoing revenues has grown steadily since FY08-09. If the actual ongoing revenues in that year had grown by a modest 3% annually, the City should be expecting $208.5 million of revenue in the upcoming FY12-13, yet the outlook is for only $156.4 million, a gap of $52.4 million. The magnitude of this gap, and that fact that it continues to grow, has created havoc with the General Fund budget.

General Fund Ongoing Revenue Gap

($ in Millions)	08-09	09-10	10-11	11-12	12-13
Revenue FY08-09 Actual	203.1				
less: one-time revenues	(17.9)				
Baseline revenue +3% growth	185.2	190.8	196.5	202.4	208.5
Revenue-actual/projected*	185.2	166.5	163.4	158.8	156.4
Revenue Gap	-	24.3	33.1	43.6	52.1

Budget Model

The City and Management Partners is providing to interested parties its budget model for its updated 5/7/12 version of the General Fund budget forecast. Assumptions are contained in the Excel spreadsheet, which shows the impact of the City's AB 506 proposals for financial restructuring. It also contains modeling capability to review the impact of alternative revenue and expense assumptions. Accompanying the budget model is a description of how the model works, and a review of the changes made to the 4/23/12 version.

City of Stockton Budget Forecast

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Revenues										
Property Tax	44,512,970	42,352,859	40,809,416	40,809,416	41,625,604	42,874,372	44,589,347	46,372,921	48,227,838	50,156,952
Sales Tax	36,989,825	39,413,490	40,321,265	41,655,620	42,978,695	44,482,950	46,039,853	47,651,248	49,319,041	51,045,208
Utility Users Tax	31,236,736	31,386,600	31,500,200	31,630,500	31,946,805	32,426,007	32,912,397	33,406,083	33,907,174	34,415,782
Franchise Tax	12,207,238	11,671,576	11,800,000	11,931,000	12,109,965	12,352,164	12,599,208	12,851,192	13,108,216	13,370,380
Business License Tax	9,145,000	9,235,000	9,327,000	9,420,000	9,561,300	9,704,720	9,850,290	9,998,045	10,148,015	10,300,236
Hotel/Motel Tax	1,800,000	1,811,000	1,829,000	1,847,000	1,865,470	1,884,125	1,902,966	1,921,996	1,941,216	1,960,628
Document Transfer Tax	604,000	613,000	621,000	629,000	638,435	648,012	657,732	667,598	677,612	687,776
Motor Vehicle License	-	-	-	-	-	-	-	-	-	-
Interest Income	140,250	5,102	(29,625)	(111,524)	(244,929)	(431,639)	(637,037)	(861,076)	(1,098,918)	(1,354,013)
Program Revenues										
Fire Contracts	4,915,879	3,839,000	3,801,000	3,763,000	3,744,185	3,725,464	3,706,837	3,688,303	3,669,861	3,651,512
Code Enforcement	3,266,084	2,770,739	2,826,154	2,882,677	2,882,677	2,882,677	2,882,677	2,882,677	2,882,677	2,882,677
Charges for Services	1,971,385	1,973,056	1,992,787	2,012,714	2,032,841	2,053,169	2,073,700	2,094,436	2,115,380	2,136,534
Fines & Forfeitures	1,393,500	1,400,000	1,588,000	1,603,880	1,635,958	1,668,677	1,702,050	1,736,091	1,770,813	1,806,229
Revenues from Other Agencies	742,400	703,000	430,000	435,000	435,000	435,000	435,000	435,000	435,000	435,000
Licenses & Permits	458,226	461,826	471,063	475,773	480,531	485,336	490,190	495,091	500,042	505,043
Misc Other Revenues	(54,658)	(62,644)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)	(60,000)
Interfund Reimbursements										
Indirect Cost Allocation	5,300,000	5,390,100	5,120,595	4,864,565	5,042,484	5,127,030	5,235,346	5,341,516	5,455,428	5,571,275
Workers Comp Reimbursement	-	-	-	-	-	-	-	-	-	-
Refunds & Reimbursements	820,431	133,000	314,000	320,000	326,080	332,276	338,589	345,022	351,577	358,257
Rents/Leases/Concessions	2,588,557	2,508,571	2,173,700	2,138,000	2,108,068	2,078,555	2,049,455	2,020,763	1,992,472	1,964,578
Transfers In										
Parking-SEB Debt	774,515	776,000	776,000	776,000	773,364	775,029	775,895	775,963	775,232	773,427
	158,812,338	156,381,275	155,611,554	157,022,622	159,882,533	163,443,922	167,544,495	171,762,868	176,118,677	180,607,478
Expenditures										
Salaries and Benefits										
Salaries - Safety	37,232,821	37,677,139	38,129,265	38,586,816	39,049,858	39,518,456	39,992,677	40,472,590	40,958,261	41,449,760
Salaries - Non-Safety	16,955,006	17,157,338	17,363,226	17,571,585	17,782,444	17,995,833	18,211,783	18,430,324	18,651,488	18,875,306
Salaries-Part time, Temporary	605,194	605,194	605,194	605,194	605,194	605,194	605,194	605,194	605,194	605,194
Pension - CalPERS	16,075,185	16,806,002	18,934,482	19,660,525	20,414,408	21,197,198	22,010,005	22,853,978	23,730,314	24,640,253
Pension - CalPERS Addition	-	-	3,413,002	3,453,958	5,195,406	5,257,751	5,320,844	5,384,694	5,449,310	5,514,702
Pension - Bonds	5,615,200	5,791,009	6,230,630	6,330,594	6,433,041	6,533,734	6,639,603	6,746,653	6,853,767	6,963,034
Health, Dental, Vision-Employee	9,455,563	8,829,231	8,829,231	8,829,231	8,829,231	8,829,231	8,829,231	8,829,231	8,829,231	8,829,231
Health - Retirees	7,959,094	8,946,636	9,556,560	10,374,467	11,245,131	11,470,807	12,230,470	12,892,528	13,698,715	14,503,402
Workers Compensation	5,660,652	6,627,821	6,760,377	6,895,585	7,033,497	7,174,167	7,317,650	7,464,003	7,613,283	7,765,549
Other Pay and Benefits	7,091,431	6,605,792	6,678,402	6,751,884	6,826,174	6,901,281	6,977,215	7,053,985	7,131,599	7,210,067
Overtime & Standby/Callback	6,842,859	6,842,859	6,922,981	7,004,044	7,086,056	7,169,029	7,252,973	7,337,900	7,423,822	7,510,749
Compensated Absences	4,347,003	5,204,952	5,301,456	5,150,010	5,150,010	5,150,010	5,150,010	5,150,010	5,150,010	5,150,010
Salaries - Safety-Expiring Grants	-	2,954,850	3,153,495	3,373,100	6,174,462	6,248,556	6,323,539	6,399,421	6,476,214	6,553,929
Reductions/reorganizations	(2,758,000)	(648,000)	(666,158)	(684,824)	(704,014)	(723,741)	(744,021)	(764,870)	(786,302)	(808,335)
Budgeted Vacancy Savings	-	(1,234,008)	(1,705,758)	(2,142,435)	(2,681,297)	(3,153,205)	(3,652,929)	(4,167,958)	(4,553,547)	(4,642,886)
	115,082,008	122,166,815	129,506,386	131,759,734	138,439,601	140,174,301	142,464,244	144,687,684	147,231,359	150,119,965

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City of Stockton Budget Forecast

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Services and Supplies										
Internal Services-Equip	12,182,833	13,299,313	13,565,299	13,836,605	14,113,337	14,395,604	14,683,516	14,977,187	15,276,730	15,582,265
General Liability Insurance	2,283,248	2,947,771	2,983,144	3,018,942	3,055,169	3,091,831	3,128,933	3,166,480	3,204,478	3,242,932
Utilities	2,437,740	2,486,495	2,456,225	2,505,349	2,555,456	2,606,565	2,658,697	2,711,871	2,766,108	2,821,430
Maintenance & Repair Services	2,444,155	2,444,155	2,480,817	2,518,030	2,555,800	2,594,137	2,633,049	2,672,545	2,712,633	2,753,322
Labor/Legal Services	5,122,803	2,122,803	2,222,803	2,222,803	2,256,145	2,289,987	2,324,337	2,359,202	2,394,590	2,430,509
General Expenses	5,871,867	6,113,390	6,987,085	7,088,256	7,190,892	7,295,014	7,400,643	7,507,802	7,616,513	7,726,798
Tax Collection & Election	2,804,000	3,482,216	2,837,545	2,583,175	2,903,007	2,638,037	2,973,118	2,694,149	3,045,225	2,751,543
	33,146,646	32,896,142	33,532,918	33,773,160	34,629,806	34,911,175	35,802,293	36,089,235	37,016,277	37,308,798
Other Program Support										
Library, Recreation & Golf Funds	6,735,022	7,410,817	7,763,858	7,933,133	8,106,099	8,282,837	8,463,428	8,647,956	8,836,508	9,029,170
Entertainment Venues Fund	2,441,299	2,235,445	2,041,019	2,084,401	2,128,704	2,173,949	2,220,156	2,267,345	2,315,537	2,364,753
Other Program Support	950,000	1,625,000	1,625,000	1,625,000	1,625,000	1,625,000	625,000	625,000	625,000	625,000
Debt - Redevelopment	3,100,000	2,537,389	2,930,065	2,928,855	2,975,760	3,028,344	3,081,518	2,816,580	2,873,389	2,930,541
Debt - Bonds/Other										
Jarvis Utilities Settlement	1,112,998	1,127,032	1,127,032	1,127,032	1,127,032	1,127,032	1,127,032	1,127,032	1,127,032	1,127,032
2009 LRBs-Pub Facil Bonds/CIP	622,981	1,082,191	1,081,641	1,224,559	1,135,152	1,043,959	950,430	849,173	744,785	745,279
2006 LRBs-Parking (SEB)	832,328	794,097	776,000	776,000	773,364	775,029	775,895	775,963	775,232	773,427
DBW-Debt - Marina	732,000	834,701	834,701	834,701	834,701	834,701	834,701	834,701	834,701	834,701
2007 VRDLRB - 400 E.Main	800,000	2,580,723	3,356,419	2,069,242	2,218,233	1,817,313	1,820,232	1,832,995	1,869,545	1,899,292
Debt - Other/Admin	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
	17,576,628	20,477,394	21,785,735	20,852,923	21,174,045	20,958,164	20,148,392	20,026,745	20,251,727	20,579,195
Contingency	1,659,824	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Total Expenditures	167,465,106	177,540,352	186,825,039	188,385,817	196,243,452	198,043,640	200,414,928	202,803,664	206,499,364	210,007,958
Reserve Use	-	-	-	-	-	-	-	-	-	-
Baseline Budget Shortfall	(8,652,768)	(21,159,077)	(31,213,486)	(31,363,196)	(36,360,919)	(34,599,718)	(32,870,434)	(31,040,795)	(30,380,686)	(29,400,480)
Fiscal Stabilization										
Fund Deferred Maintenance										
Ongoing Excess of Current	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Increased ISF Contributions										
Computer/Technology	-	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Rebuild Internal Service Reserves	-	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Employee Cost Increases										
End Work Schedule Modification	-	1,129,016	1,220,356	2,485,951	2,632,989	2,735,708	2,842,762	2,954,348	3,070,676	3,191,966
Salary COLAs	-	-	-	-	2,233,159	4,549,905	6,952,947	9,444,997	12,028,831	14,707,356
Health COLAs	-	-	-	-	176,585	353,169	529,754	706,338	882,923	1,059,508
Increased Services	-	-	-	-	-	-	-	-	-	-
Repay 2/28/12 Transfers	-	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Fiscal Stability Adds	-	3,179,016	3,270,356	4,535,951	7,092,732	9,688,782	12,375,462	15,155,683	18,032,430	21,008,829
Shortfall After Fiscal Stabilization	(8,652,768)	(24,338,093)	(34,483,841)	(35,899,147)	(43,453,652)	(44,288,500)	(45,245,896)	(46,196,478)	(48,413,117)	(50,409,309)
2/28/12 Council Action										
Total 2/28/12 Actions	15,205,924	-	-	-	-	-	-	-	-	-

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City of Stockton Budget Forecast

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
AB 506 Proposals (Savings)										
Debt Relief/Contracts/Claims										
Jarvis Utilities Fund settlement		1,127,032	1,127,032	1,127,032	1,127,032	1,127,032	1,127,032	1,127,032	1,127,032	1,127,032
Marina Towers settlement		312,500	312,500	312,500	312,500	312,500	197,500	(115,000)	(115,000)	(115,000)
Sports Teams		1,170,051	1,170,051	1,170,051	1,170,051	1,170,051	1,170,051	1,170,051	1,170,051	1,170,051
2009 LRBs-Pub Facil Bonds/CIP		1,082,191	1,081,641	1,224,559	1,135,152	1,043,959	950,430	849,173	744,785	745,279
2004 & 2006 LRBs-All Parking		-	-	-	-	-	-	-	-	-
DBW-Debt - Marina		684,701	684,701	684,701	684,701	684,701	684,701	684,701	684,701	684,701
2003 RDA Housing		318,798	989,681	988,471	986,539	988,822	601,686	595,882	597,725	598,263
2007 VRDLRB - 400 E.Main		2,672,344	2,672,344	2,671,719	2,670,469	2,668,594	1,331,219	1,337,781	1,367,313	1,389,188
2007-POBs		5,791,009	6,230,630	6,330,594	6,433,041	6,533,734	6,639,603	6,746,653	6,853,767	6,963,034
Subtotal Debt Relief	-	13,158,625	14,268,579	14,509,627	14,519,485	14,529,392	12,702,221	12,396,273	12,430,373	12,562,547
Labor Cost Reductions										
Total Proposed Changes		4,811,676	5,308,407	5,363,689	5,419,628	5,476,233	5,533,512	5,591,472	5,650,123	5,709,471
Subtotal Labor Reductions	-	4,811,676	5,308,407	5,363,689	5,419,628	5,476,233	5,533,512	5,591,472	5,650,123	5,709,471
Retiree Medical Reductions										
Total Proposed Changes		7,053,107	9,556,560	10,374,467	11,245,131	11,470,807	12,230,470	12,892,528	13,698,715	14,503,402
Subtotal Retiree Medical	-	7,053,107	9,556,560	10,374,467	11,245,131	11,470,807	12,230,470	12,892,528	13,698,715	14,503,402
Total AB 506 Asks	-	25,023,408	29,133,547	30,247,783	31,184,244	31,476,432	30,466,203	30,880,274	31,779,211	32,775,419
Additional Savings/Resources										
Efficiencies/Alt Service/Fees	-	-	-	-	-	-	-	-	-	-
Service & Staffing Reductions	-	-	-	-	-	-	-	-	-	-
New Revenue Sources	-	-	-	-	-	-	-	-	-	-
Total Other Cost Reductions	-	-	-	-	-	-	-	-	-	-
Net Annual <u>After</u> Adjustments	6,553,156	685,315	(5,350,295)	(5,651,364)	(12,269,407)	(12,812,068)	(14,779,693)	(15,316,205)	(16,633,906)	(17,633,890)
Beginning Available Balance	(6,553,156)	0	685,315	(4,664,980)	(10,316,344)	(22,585,751)	(35,397,819)	(50,177,512)	(65,493,716)	(82,127,622)
Ending Available Balance	-	685,315	(4,664,980)	(10,316,344)	(22,585,751)	(35,397,819)	(50,177,512)	(65,493,716)	(82,127,622)	(99,761,511)
Balance as % of Total Expense	-	0.4%	(2.9%)	(6.3%)	(13.1%)	(20.1%)	(27.5%)	(35.0%)	(42.6%)	(50.3%)

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Attachment 2

Summary of Changes in Staffing Levels and Summary of Pay and Benefit Cuts by Labor Unit

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CITY OF STOCKTON 3/1/2012

PERSONNEL BY FUND

	2008-09	2009-10	2010-11	Plan B 2011-12	Mid-Year FY 2011-12	3 yr % Change from 2008-09
General Fund and Tax-Supported Programs						
Programs						
Police-Sworn	401	322	320	322	322	(79)
Police-Non Sworn	235	214	202	188	188	(47)
Fire	253	265	226	177	177	(76)
Public Works	163	78	59	62	62	(101)
Library	105	69	57	57	57	(48)
Recreation	46	32	27	26	26	(20)
Economic Development	5	1	2	2	1	(4)
	1,208	**981**	**893**	**834**	**833**	**(375)**
Adminstration						
City Council	9	8	8	8	8	(1)
City Manager	18	13	11	10	10	(8)
City Attorney	17	14	13	11	11	(6)
City Clerk	8	6	5	6	6	(2)
City Auditor	7	4	4	4	4	(3)
Admin Services	63	49	57	59	59	(4)
Human Resources	20	18	15	14	14	(6)
Non Departmental	10	10	10	10	10	0
	152	**122**	**123**	**122**	**122**	**(30)**
Total General Fund	**1,360**	**1,103**	**1,016**	**956**	**955**	**(405)**
% Change vs. 2008-09			-25%	-30%	-472%	-30%
Enterprise Funds						
CS - Golf Course	3	2	2	2	0	(3)
Municipal Utilities	168	187	197	198	208	40
	171	**189**	**199**	**200**	**208**	**37**
Special Revenue/District Funds						
ED - Central Parking District	3	3	3	3	3	0
ED - Community Dev. Block Grant	13	12	11	9	8	(5)
Fire - Development Services	10	8	8	8	8	(2)
CD - Development Services	88	45	42	34	34	(54)
Fire - Emergency Communications	17	0	0	0	0	(17)
PW - Maintenance District	1	2	4	2	2	1
ED - Redevelopment	24	20	10	6	6	(18)
Fire - Measure W	28	23	20	20	20	(8)
Police - Measure W	40	22	21	21	21	(19)
PW - Solid Waste & Recycling	6	9	9	9	9	3
PW - Street Maintenance/ Gas Tax	24	65	66	64	64	40
	254	**209**	**194**	**176**	**175**	**(79)**
Internal Service Funds						
PW - Fleet	31	26	27	27	27	(4)
HR - General Liability Insurance	3	3	4	6	6	3
HR - Workers' Compensation	4	4	4	3	3	(1)
HR - Health Benefits	3	4	4	5	5	2
AS - Information Technology	52	40	39	36	36	(16)
AS - Radio	2	2	2	2	2	0
AS - Telecommunications	1	1	1	1	1	0
AS - Document Services	4	3	3	2	2	(2)
	100	**83**	**84**	**82**	**82**	**(18)**
Capital Improvement Funds						
CS - Public Art	1	0	0	0	0	(1)
	1	**0**	**0**	**0**	**0**	**(1)**
Total All Funds	**1,886**	**1,584**	**1,493**	**1,414**	**1,420**	**(466)**
% Change vs. 2008-09		-16%	-21%	-25%	-25%	-25%

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Unrepresented

Description	Date	Reduction/ Cost	Type of Concession: Leave Benefit Change (Vacation	Work Schedule/ Furlough	Base Salary Change/ Impact	Health Insurance	Retirement	Other
FY 08/09								
Implementation of (80 hours) furlough in FY 08/09	10/22/2008	3.85%		x	x			
Freeze all pay increases including Class and Compensation Survey increases and cost of living increases for FY 09/10	Reso adopted 12/16/2008				x			
FY 09/10								
Continuation of (96 hours) furlough for FY 09/10	7/1/2009	4.62%		x	x			
FY 10/11								
Continuation of (96 hours) furlough for FY 10/11	7/1/2010	4.62%		x	x			
Employees began paying a portion of their medical premium	7/1/2010	ee $100.00 ee+1 $175.00 ee+fam $250.00				x		
Modification to City Medical Health Plan, increased deductible from $150 to $200 per person and from $450 to $500 for family. Increased RX co-pays	7/1/2010					x		
FY 11/12								
Continuation of (96 hours) furlough in FY 11/12	7/1/2011	4.62%		x	x			
Elimination of retiree medical benefits for employees hired on or after August 1, 2011	8/1/2011					x	x	
Reduction in sick leave accruals from 15 days per year to 12 and makes other changes to sick leave cash out provisions at retirement	7/1/2011		x					
Reduction in the vacation leave accruals, and makes other changes to vacation sell back and accrual maximums	7/1/2011		x					
Elimination of extra salary payments over statuatory requirements for Workers Compensation	7/1/2011				x			
Elimination of Longevity Add Pay (2.5%) and Grandfathered current incumbents (as of July 1, 2012)	8/1/2011	2.50%			x			
Elimination of Educational Incentive Pay (EIP)	8/1/2011	3.00%			x			
Employees to pay 7% PERS contribution	8/1/2011	7% or 9%					x	
Maximum city contribution to health plan	9/1/2011	ee $89.13 ee+1 $164.19 ee+fam $216.28				x		
Medical plan design changes from 100% to 80%	9/1/2011					x		

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Mid-Management/Supervisory B & C			Type of Concession					
Description	Date	Reduction/ Cost	Leave Benefit Change (Vacation	Work Schedule/ Furlough	Base Salary Change/ Impact	Health Insurance	Retirement	Other
FY 08/09								
Implementation of (80 hours) furlough in FY 08/09	10/22/2008	3.85%		x	x			
FY 09/10								
Continuation of (96 hours) furlough in FY 09/10	1/1/09 MOU	4.62%		x	x			
FY 10/11								
Continuation of (96 hours) furlough in FY 10/11	6/22/2010	4.62%		x	x			
Forfeiture of the 2.5% salary increase schedule to occur on July 1, 2010	6/22/2010	2.50%			x			
Modification to City Health Plan, increased deductible from $150 to $200 per person and from $450 to $500 for family. Increased RX co-pays	6/22/2010					x		
FY 11/12								
Continuation of (96 hours) furlough in FY 11/12	7/1/2011	4.62%		x	x			
Elimination of scheduled cost of living increase of 2.5% effective July 1, 2011	7/1/2011	2.50%			x			
Elimination of extra salary payments over statuatory requirements for Workers Compensation	7/1/2011				x			
Elimination of retiree medical benefits for employees hired on or after July 1, 2011	7/1/2011					x	x	
Agree that City may amend its PERS contract to provide a lower benefit 2@60 with 3 year final average salary.	7/1/2011						x	
Elimination of Education Incentive Pay (EIP)	8/1/2011	3.00%			x			
Employees to pay 7% PERS contribution	8/1/2011	7.00%					x	
Elimination of Longevity Add Pay (2.5%) and Grandfathered current incumbents (as of July 1, 2012).	9/1/2011	2.50%			x			
Maximum city contribution to health plan	9/1/2011	ee $89.13 ee+1 $164.19 ee+fam $216.28				x		
Medical plan design changes from 100% to 80%	9/1/2011					x		

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Fire Mgt			Type of Concession					
Description	Date	Reduction/ Cost	Leave Benefit Change (Vacation	Work Schedule/ Furlough	Base Salary Change/ Impact	Health Insurance	Retirement	Other
FY 08/09								
Suspend 3.68% cost of living adjustment received July 1, 2008, to be reinstated January 1, 2011.	1/1/2009	3.68%			x			
Uniform Allowance for April 2009 suspended	4/1/2009	$600						x
FY 09/10								
Eliminate salary increase scheduled for July 1, 2009	7/1/2009	4.50%- 8.50%			x			
Uniform Allowance 50% reduction for FY 09/10	10/1/2009	$600						x
Limit, through attrition, the number of paramedics assigned to the Fire Department. New hires, shall not receive paramedic add pay unless operationally required and accounted for in the Fire Dept's budget.	10/20/2009	3.00%			x			x
Paramedic add pay suspended for Firefighters who have not paid for, or started, a paramedic training program by September 15, 2009, shall not receive additional pay unless and until operationally required and accounted for in the Fire Dept's budget.	10/20/2009	3.00%			x			
FY 10/11								
Imposed due to fiscal emergency: Medical plan changes increase to Rx co-pay and increase from $150 to $200 per individual and $450 to $500 for family deductible.	6/22/2010					x		
Imposed due to fiscal emergency:Suspension of Compensation Increases in 2010-2011 (8.5% salary increase, 3.68% cost of living increase)		8.50% and 3.68%			x			
Imposed due to fiscal emergency: Closure of Truck 4	6/22/2010							x
Imposed due to fiscal emergency: Freeze on Employee Leave usage to curtail overtime costs.	6/22/2010		x					
FY 11/12								
Elimination of retiree medical benefits for employees hired on or after July 1, 2011	7/1/2011					x	x	
PERS amended contract to adopt a new tier that provides 3@55 formula with 3 years Final Average Salary.	7/1/2011						x	
Eliminate minimum staffing requirements	7/1/2011							x
Eliminate 2010 salary increases and no additional salary increase shall occur during the term of the MOU (7/1/11 - 6/30/12)	7/1/2011	4.50% - 8.50%			x			
Reduction of sick leave accruals from 15 days per year to 12 for employees and makes other changes to sick leave cash out provision at retirement.	7/1/2011		x					
Reduction in vacation leave accruals and makes other changes to vacation sell back and accrual maximums.	7/1/2011		x					
Eliminate Longevity vacation benefits. Also eliminates any ability to sell back any of these hours except at separation.	7/1/2011		x					
Elimination of Tiller Add Pay and Unassigned Paramedic Add Pay, except Grandfathers current employees receiving these add pays.	8/1/2011	Tiller 5.00%, Unassigned Para 5.00%			x			
Employees to pay 9% PERS contribution	8/1/2011	9.00%					x	
Elimination of Educational Incentive Pay (EIP)	8/1/2011	3.00%			x			
Elimination of Longevity Add Pay and Grandfathered current incumbents (as of July 1, 2012) with a 2.5% reduction to Add Pay	8/1/2011	2.50%			x			
Maximum city contribution to health plan	9/1/2011	ee $89.13 ee+1 $164.19 ee+fam $216.28				x		
Medical plan design changes from 100% to 80%	9/1/2011					x		

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Fire

Description	Date	Reduction/ Cost	Type of Concession: Leave Benefit Change (Vacation	Work Schedule/ Furlough	Base Salary Change/ Impact	Health Insurance	Retirement	Other
FY 08/09								
Suspend 3.68% cost of living adjustment received July 1, 2008, to be reinstated January 1, 2011.	1/1/2009	3.68%			x			
Uniform Allowance for April 2009 suspended	4/1/2009	$600						x
FY 09/10								
Eliminate salary increase scheduled for July 1, 2009	7/1/2009	4.50%- 8.50%			x			
Uniform Allowance 50% reduction for FY 09/10	10/1/2009	$600						x
Limit, through attrition, the number of paramedics assigned to the Fire Department. New hires, shall not receive paramedic add pay unless operationally required and accounted for in the Fire Dept's budget.	10/20/2009	5.00%, 6.00% or 11.00%			x			x
Paramedic add pay suspended for Firefighters who have not paid for, or started, a paramedic training program by September 15, 2009, shall not receive additional pay unless and until operationally required and accounted for in the Fire Dept's budget.	10/20/2009	5.00%, 6.00% or 11.00%			x			
FY 10/11								
Imposed due to fiscal emergency: Medical plan changes increase to Rx co-pay and increase from $150 to $200 per individual and $450 to $500 for family deductible.	6/22/2010					x		
Imposed due to fiscal emergency:Suspension of Compensation Increases in 2010-2011 (8.5% salary increase, 3.68% cost of living increase)					x			
Imposed due to fiscal emergency: Closure of Truck 4	6/22/2010							x
Imposed due to fiscal emergency: Freeze on Employee Leave usage to curtail overtime costs.	6/22/2010		x					
FY 11/12								
Elimination of retiree medical benefits for employees hired on or after July 1, 2011	7/1/2011					x	x	
PERS amended contract to adopt a new tier that provides 3@55 formula with 3 years Final Average Salary.	7/1/2011						x	
Eliminate minimum staffing requirements	7/1/2011							x
Eliminate 2010 salary increases and no additional salary increase shall occur during the term of the MOU (7/1/11 - 6/30/12)	7/1/2011	4.50% - 8.50%			x			
Reduction of sick leave accruals from 15 days per year to 12 for employees and makes other changes to sick leave cash out provision at retirement.	7/1/2011		x					
Reduction in vacation leave accruals and makes other changes to vacation sell back and accrual maximums.	7/1/2011		x					
Eliminate Longevity vacation benefits. Also eliminates any ability to sell back any of these hours except at separation.	7/1/2011		x					
Elimination of Tiller Add Pay and Unassigned Paramedic Add Pay, except Grandfathers current employees receiving these add pays.	8/1/2011	Tiller 5.00%, Unassigned Para 5.00%			x			
Employees to pay 9% PERS contribution	8/1/2011	9.00					x	
Elimination of Educational Incentive Pay (EIP)	8/1/2011	3.00			x			
Elimination of Longevity Add Pay and Grandfathered current incumbents (as of July 1, 2012) with a 2.5% reduction to Add Pay	8/1/2011	2.50			x			
Maximum city contribution to health plan	9/1/2011	ee $89.13 ee+1 $164.19 ee+fam $216.28				x		
Medical plan design changes from 100% to 80%	9/1/2011					x		

Police Managers (SPMA)			Type of Concession					
Description	Date	Reduction/ Cost	Leave Benefit Change (Vacation	Work Schedule/ Furlough	Base Salary Change/ Impact	Health Insurance	Retirement	Other
FY09/10								
50% reduction of uniform allowance 2009	7/1/2009	$900						x
Furlough: Lump sum reduction of 5.5% (114 hours of unpaid leave) to be deducted from the retroactive pay increase July 1, 2008 for FY 08/09	7/1/2009	5.50%		x	x			
Defer the 2.5% cost of living increase scheduled for July 1, 2009 and will not be eligible for another increase until June 30, 2010. The cost of living increase for July 1, 2010 will equal 2%	7/1/2009	2.50%			x			
Furlough: Each member of SPMA will incur another pay reduction of 5.5% (114 hours of unpaid leave). This reduction will occur over an equalized 12-month period beginning July 1, 2009 for FY 09/10	7/1/2009	5.50%		x	x			
Suspension of the Employer Contribution into the Retiree Medical Trust until July 1, 2010 and the pay out from the Retiree Medical Trust is deferred until 2013.	7/1/2009	3.00%				x	x	
Medical contribution paid by SPMA members will be increased to $100 per month effective July 1, 2009	7/1/2009	from $44.50 to $100 per month				x		
FY10/11								
Eliminate cost of living increase scheduled for June 30, 2010	7/1/2010	2.50%			x			
Continuation of (96 hours) furlough in FY 10/11	7/1/2010	4.62%		x	x			
Employees pay 4.5% toward PERS contribution	7/1/2010	4.50%					x	
Modification to City Health Plan, increased deductible from $150 to $200 per person and from $450 to $500 for family. Increased RX co-pays	7/1/2010					x		
Uniform Allowance reduced to $1,500 (from $1,900) per year for the term of the contract	7/1/2010	$400						x
FY 11/12								
Continuation of (96 hours) furlough in FY 11/12	7/1/2011	4.62%		x	x			
Employees pay an additional 4.5% toward PERS contribution	7/1/2011	4.50%					x	
Elimination of all City and employee contributions to retiree medical trust	7/1/2011	2.00%				x	x	
Elimination of Longevity Add Pay and Grandfathered current incumbents (as of July 1, 2012) with a 2.5% reduction to Add Pay	8/1/2011	2.50%			x			
Elimination of Education Incentive Pay (EIP) and Grandfathered current incumbents from August 1, 2011 through June 30, 2012	8/1/2011	3.00%			x			
SPMA Members to make a pre-tax in-lieu contribution of $481.00 per month toward the cost of their medical/dental/ vision plan coverage. This amount shall be in addition to any employee payment required by section 14.1 for one year in lieu of 2011 EIP reductions.						x		
Maximum city contribution to health plan	9/1/2011	ee $89.13 ee+1 $164.19 ee+fam $216.28				x		
Medical plan design changes from 100% to 80%	9/1/2011					x		

Police Officers (SPOA)

Description	Date	Reduction/ Cost	Type of Concession: Leave Benefit Change (Vacation	Work Schedule/ Furlough	Base Salary Change/ Impact	Health Insurance	Retirement	Other
FY 09/10								
Retroactive Lump sum furlough deduction from the retroactive salary increase paid to SPOA members (73 hour) for the 08/09 fiscal year	7/1/2009	3.50%		x	x			
Furlough deduction of 3% and creation of furlough bank of 62 hours for FY 09/10	7/1/2009	3.00%		x	x			
Waive 2.5% salary adjustment scheduled for July 1, 2009. SPOA shall not be entitled to any other salary adjustment until 1/1/11 at such time SPOA members are entitled to 3% salary adjustment of base salary.	7/1/2009	2.50%			x			
Employee contribution to medical insurance increased to $100 per month	7/1/2009	$100/per month				x		
Increase in insurance deductible from $150 to $200 per individual and/or $450 to $500 per family.	7/1/2009	$50 per year per individual				x		
Reduction of Uniform allowance by 50% ($900 to $450) for fiscal year 09/10	7/1/2009	$450 per year						x
Suspension of 2% City contribution into the Deferred Compensation Plan through June 30, 2012	7/1/2009	2.00%					x	
Suspension of 2% City contribution into employee's Retiree Medical Trust through June 30, 2011.	7/1/2009	2.00%				x	x	
FY 10/11								
Continuation of (62 hours) furlough leave in FY 10/11	7/1/2010	3.00%		x	x			
Modification to City Health Plan, increased deductible from $150 to $200 per person and from $450 to $500 for family. Increased RX co-pays	7/1/2010					x		
Reduction of Uniform allowance by 50% ($950 to $475) for fiscal year 10/11	7/1/2010	$475 per year						x
Imposed due to emergency measures: Continue suspension of City's payment of 2% for retiree medical.	7/1/2010	2.00%				x	x	
Imposed due to emergency measures: Continue suspension of City's payment of 2% deferred compensation;	7/1/2010	2.00%					x	
FY 11/12								
Continuation of (62 hours) furlough leave in FY 11/12	7/1/2011	3.00%		x	x			
Imposed due to emergency measures: Temporary elimination of Master Officer Pay	8/1/2011	5.00%			x			
Imposed due to emergency measures: Temporary elimination of Longevity Add Pay and Grandfathered current incumbents (as of July 1, 2012) with a 5% reduction to Add Pay	8/1/2011	5.00%			x			
Imposed due to emergency measures: Temporary elimination of Education Incentive Pay (EIP)	8/1/2011	3.00%			x			
Imposed due to emeregency measures: Temporary elimination of City's payment of the employee's PERS contribution of 9%, effective 8/1/11.	8/1/2011	9.00%					x	
Imposed due to emergency measures: Temporary maximum city contribution to health plan	9/1/2011	ee $89.13 ee+1 $164.19 ee+fam $216.28				x		
Imposed due to emergency measures: Temporary medical plan design changes from 100% to 80%	9/1/2011					x		

Highlighted concessions temporary and subject to pending litigation

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STAMA			Type of Concession					
Description	Date	Reduction/ Cost	Leave Benefit Change (Vacation	Work Schedule/ Furlough	Base Salary Change/ Impact	Health Insurance	Retirement	Other
FY 10/11								
Freeze salary increases for term of contract 7/1/10 - 6/30/12	7/1/2010				x			
Implementation of (96 hours) furlough in FY 10/11	7/1/2010	4.62%		x	x			
Modification to City Health Plan, increased deductible from $150 to $200 per person and from $450 to $500 for family. Increased RX co-pays	7/1/2010					x		
Employee Health Contribution. Upon the expiration of furloughs, employees to contribute 20% of the annual applicable rate as determined each year by the City's actuary for employee, employee plus one, and employee plus family.	7/1/2010	ee $100 ee+1 $175 ee+fam $250				x		
Changed add pays to flat rate rather than %	7/1/2010				x			
Vacation sell back of no more than 40 hours	7/1/2010		x					
Employees may not cash out any unused sick leave at separation	7/1/2010		x					
Retiree Health for employee's hired **on or after** July 1, 2010 VEBA (defined contribution) City contributes 2%	7/1/2010					x	x	
Employees hired **on or afer** July 1, 2010 shall pay 7% of the Employer's portion of PERS	7/1/2010	7.00%					x	
Employees hired **prior to July 1, 2010** shall pay 5.5% of the employer contribution to PERS	7/1/2010	5.50%					x	
FY 11/12								
Continuation of (96 hours) Furlough in FY 11-12	7/1/2011	4.62%		x	x			
Elimination of extra salary payments over statuatory requirements for Workers Compensation	7/1/2011				x			
Elimination of retiree medical benefits for employees hired on or after July 1, 2011	7/1/2011					x	x	
Agrees the City may amend its PERS contract to provide lower tier 2@60 with 3 year final average	7/1/2011						x	
Agrees that the employees shall pay an additional 1.5% of the Employer's PERS for a total contribution of 7%	8/1/2011	1.50%					x	
Elimination of Educational Incentive Pay (EIP) effective 8/1/11	8/1/2011	3.00%			x			
Elimination of Longevity Add Pay and Grandfathered current incumbents (as of July 1, 2012)	8/1/2011	2.50%			x			
Maximum city contribution to health plan	9/1/2011	ee $89.13 ee+1 $164.19 ee+fam $216.28				x		
Medical plan design changes from 100% to 80%	9/1/2011					x		

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O&M			Type of Concession					
Description	Date	Reduction/ Cost	Leave Benefit Change (Vacation	Work Schedule/ Furlough	Base Salary Change/ Impact	Health Insurance	Retirement	Other
FY 11/12								
Implementation of (96 hours) furlough in FY 11/12	7/1/2011	4.62%		x	x			
Elimination of retiree medical benefits for employees hired on or after July 1, 2011	7/1/2011					x	x	
Agree that the City may amend its PERS contract to provide lower tier 2@60 with 3 year final average	7/1/2011						x	
Reduction in sick leave accruals from 15 days per year to 12 and makes other changes to sick leave cash out provisions at retirement	7/1/2011		x					
Reduction in the vacation leave accruals, and makes other changes to vacation sell back and accrual maximums	7/1/2011		x					
Elimination of extra salary payments over statuatory requirements for Workers Compensation	7/1/2011				x			
Employees to pay 7% PERS contribution	8/1/2011	7.00%					x	
Elimination of Educational Incentive Pay (EIP) effective 8/1/11	8/1/2011	3.00%			x			
Elimination of Longevity Add Pay and Grandfathered current incumbents (as of July 1, 2012)	8/1/2011	2.50%			x			
Maximum city contribution to health plan	9/1/2011	ee $89.13 ee+1 $164.19 ee+fam $216.28				x		
Medical plan design changes from 100% to 80%	9/1/2011					x		

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Water Supervisors

Description	Date	Reduction/ Cost	Type of Concession: Leave Benefit Change (Vacation	Work Schedule/ Furlough	Base Salary Change/ Impact	Health Insurance	Retirement	Other
FY 11/12								
Implementation of (96 hours) furlough FY 11/12	7/1/2011	4.62%		x	x			
Elimination of retiree medical benefits for employees hired on or after July 1, 2011	7/1/2011					x	x	
Agrees the City may amend its PERS contract to provide lower tier 2@60 with 3 year final average	7/1/2011						x	
Reduction in sick leave accruals from 15 days per year to 12 and makes other changes to sick leave cash out provisions at retirement	7/1/2011		x					
Reduction in the vacation leave accruals, and makes other changes to vacation sell back and accrual maximums	7/1/2011		x					
Employees to pay 7% PERS contribution	8/1/2011	7.00%					x	
Elimination of Educational Incentive Pay (EIP) effective 8/1/11	8/1/2011	3.00%			x			
Elimination of Longevity Add Pay and Grandfathered current incumbents (as of July 1, 2012)	8/1/2011	2.50%			x			
Maximum city contribution to health plan	9/1/2011	ee $89.13 ee+1 $164.19 ee+fam $216.28				x		
Medical plan design changes from 100% to 80%	9/1/2011					x		

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Stockton City Employees Association (SCEA)			Type of Concession					
Description	Date	Reduction/ Cost	Leave Benefit Change (Vacation	Work Schedule/ Furlough	Base Salary Change/ Impact	Health Insurance	Retirement	Other
FY 08/09								
Implementation of (80 hours) furlough in FY 08/09	10/22/2008	3.85%		x	x			
Retiree Medical Trust in lieu of regular Retiree Medical Allowance or to the Supplemental Allowance (after age 65) for employees hired on or after January 1, 2009	1/1/2009					x	x	
Elimination of Compensatory Time Off for Fire Telecommunicators	1/1/2009				x			
FY 09/10								
Continuation of (96 hours) of furlough in FY 09/10	7/1/2009	4.62%		x	x			
FY 10/11								
Continuation of (96 hours) of furlough in FY 10/11	6/22/2010	4.62%		x	x			
Forfeit 2.5% salary increase scheduled for July 1, 2010 through Letter of Agreement.	6/22/2010	2.50%			x			
Modification to City Health Plan, increased deductible from $150 to $200 per person and from $450 to $500 for family. Increased RX co-pays	11/15/2010					x		
FY 11/12								
Imposed due to emergency measures: Temporary suspension of the FY 11/12 cost of living increase of 2.5% effective July 1, 2011	7/1/2011	2.50%			x			
Imposed due to emergency measures: Temporary continuation of 96 hours of furlough in FY 11/12	7/1/2011	4.62%		x	x			
Imposed due to emergency measures: Temporary elimination of Longevity Add Pay	8/1/2011	2.50%			x			
Imposed due to emergency measures: Temporary elimination of Education Incentive Pay (EIP)	8/1/2011	3.00%			x			
Imposed due to emergency measures: Temporary elimination of City's payment of the employee's PERS contribution of 7%, effective 8/1/11.	8/1/2011	7.00%					x	
Imposed due to emergency measures: Temporary maximum city contribution to health plan	9/1/2011	ee $89.13 ee+1 $164.19 ee+fam $216.28				x		
Imposed due to emergency measures: Temporary medical plan design changes from 100% to 80%	9/1/2011					x		

Highlighted sections temporary and subject to pending litigation

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Attachment 3

Labor Unit MOU Language for Labor Proposal Changes

SCEA
Stockton City Employees' Association

MEMORANDUM OF UNDERSTANDING

STOCKTON CITY EMPLOYEES' ASSOCIATION MASTER AGREEMENT

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ARTICLE 1. RECOGNITION

(a) The Stockton City Employees' Association, (hereinafter the "Association" or "SCEA") decertified from the San Joaquin Public Employees' Association pursuant to Resolution No. 99-0099, adopted by the City Council on February 23, 1999.

(b) The Association is the exclusively recognized employee organization having the right to represent employees of the following bargaining units with the City of Stockton:

(1) Administrative, Clerical and Services Unit; and

(2) Professional and Technical Unit

(c) Any City of Stockton employee employed in one of these bargaining units is referred to in this Memorandum of Understanding as a "bargaining unit employee."

(d) The Association, and representatives of the City of Stockton have met and conferred in good faith regarding items within the scope of representation, have exchanged freely information, opinions and proposals, and have endeavored to reach agreement on matters within the scope of representation.

(e) This Memorandum is entered into pursuant to the Meyers-Milias-Brown Act (Government Code Sections 3500 *et seq*.) and has been jointly prepared by the parties.

(f) This Memorandum shall be presented to the City Council of the City of Stockton, as the joint recommendations of the undersigned, for the period commencing the date of execution, unless specifically stated otherwise, and ending June 30, 2013~~, 2014~~.

ARTICLE 2. ASSOCIATION SECURITY

2.1 Dues Deduction

(a) **General**

(1) The Association may have the regular dues of its members within the representation unit deducted from employees' paychecks under procedures prescribed by the City for such deductions. The Association has the exclusive privilege of dues deduction for its members.

(2) Authorization, cancellation or modification of payroll deductions shall be made upon forms provided or approved by the City. The payroll deduction authorization shall remain in effect until cancelled or modified by the employee by written notice to the City or until the first day of the calendar month following the transfer of the employee to a unit represented by another employee organization as the representative of the unit to which the employee is assigned, or until employment with the City is terminated.

(3) **Additional authorization shall not be required for deduction of increased membership dues when such increase has been duly approved by the membership of the Association. Notification of such approval shall be forwarded to the City in the form of written notice of official Association letterhead and signed by the Association President or other duly authorized Association official. Upon receipt of notification, the City shall authorize the payroll deduction of the increased amount.**

[ADDED from 11/13/2009 SIDELETTER]

~~(3)~~ (4) Amounts deducted and withheld by the City shall be transmitted to the officer designated in writing by the Association as the person authorized to receive such funds, at the address specified.

~~(4)~~(5) In addition to the deduction of dues, the City will deduct from the paychecks of Association members who request it premiums for group insurance and investment plans sponsored by the Association. Such deductions shall be made in one lump sum and only upon signed authorization from the employee upon a form satisfactory to the City. ~~Such authorizations may be made or changed no more frequently than twice yearly.~~

[ADDED from 11/13/2009 SIDELETTER]

~~(5)~~(6) The employee's earnings must be sufficient after all other required deductions are made, to cover the amount of the deductions herein authorized. When an employee is in a nonpaid status for an entire pay period, no withholdings will be made to cover that pay period from future earnings nor will the employee deposit the amount with the City which would have been withheld if the employee had been in pay status during that period. In the case of an employee who is in a nonpaid status during a part of the pay period and the salary is not sufficient to cover the full withholding, no deduction shall be made. In this connection, all other required deductions have priority over the employee organization deduction.

(b) **Indemnity and Refund**

The Association shall indemnify, defend and hold the City harmless against any claim made and against any suit initiated against the City on account of check off of Association dues or premiums for benefits. In addition, the Association shall refund to the City any amounts paid to it in error upon presentation of supporting evidence.

2.2 Agency Fee

(a) **Employee Rights**

(1) The City and the Association recognize the right of employees to form, join and participate in lawful activities of employee organizations and the equal, alternative right of employees to refuse to form, join and participate in employee organizations. Neither party shall exert pressure upon or discriminate against an employee in the exercise of these alternative rights.

(2) Accordingly, membership in the Association shall not be compulsory. A bargaining unit employee has the right to join the Association as a member, not join the Association but instead pay the Association an agency fee for representation services, or to refrain from either of the above courses of action if qualifying as a religious/conscientious objector as described in Article 2.2, Section (f).

(b) **Bargaining Unit Employees' Obligation to Exclusive Representative**

(1) A bargaining unit employee who does not fall within one of the exempted categories as set forth in Article 2.2, Section (f), and who has not voluntarily made application for membership in the Association within the sixtieth (60) calendar day following the date upon which said employee has been formally hired by the City as a bargaining unit employee, must as a condition of continued employment in the City pay to the Association an agency fee, in exchange for representation services necessarily performed by the Association in conformance with its legally imposed duty of fair representation on behalf of said bargaining unit employee who is not a member of the Association.

(2) In the event that a bargaining unit employee does not become a member of the Association or pay such fee directly to the Association, the City shall begin automatic payroll deduction. There shall be no charge to the Association for such mandatory agency fee deductions.

(3) Prior to beginning such automatic payroll deduction, the President of the Association will certify to the City in writing that the employee whose pay is to be affected by the deduction has: 1) refused to join the Association; and 2) has refused to tender the amount of the agency fee as defined herein; and 3) has not applied for an exemption under Article 2.2, Section (f). In addition the Association must also certify that it has provided the employee with a copy of the fee verification required by Article 2.2, Section (e).

(c) **Definition of Agency Fee**

(1) The agency fee collected pursuant to Article 2.2, Section (b) from bargaining unit employees who are not members of the Association shall be an amount not to exceed the standard initiation fee, periodic dues and general assessments of the Association for the duration of this Memorandum of Understanding, minus any amount which is prohibited by the Constitution because such funds pay for political or ideological purposes not related to collective bargaining.

(2) Any dispute as to the amount of the agency fee shall be resolved pursuant to the provisions of Article 2.2, Section (h).

(d) **Exceptions**

Bargaining unit employees on leave without pay and bargaining unit employees who are in laid off status shall be exempt from these provisions herein; except that the election as to membership or payment of a fee as set forth herein must be exercised within the first ten (10) work days upon return to paid status.

(e) **Annual Verification of Agency Fee by Association**

As required by Government Code section 3502.5, the Association shall make available annually, to the City and to the employees who are members of the Association, within sixty (60) days after the end of its fiscal year, a detailed written financial report thereof in the form of a balance sheet and an operating statement, certified as to accuracy by its president and treasurer or corresponding principal officer, or by a certified public accountant..

(f) **Employees Exempted From Obligation to Pay Agency Fee**

(1) Any bargaining unit employee shall be exempt from the requirements of Article 2.2, Section (b), if such employee has a bona fide religious objection as defined by Section 3502.5 of the California Government Code to the payment of any fee in support of an Association or "employee organization" as defined in Section 3501(a) of the California Government Code.

(2) The employee qualifying as exempt from payment of the agency fee (hereinafter the "agency fee objector") shall, as an alternative to payment of an agency fee to the Association, pay an amount equivalent to such agency fee to:

(A) Women's Center of San Joaquin County

(B) United Way

(C) Any charity jointly agreed in writing by the parties

(3) If a bargaining unit employee desires to be exempted for reasons set forth in Article 2.2, Section (f), the bargaining unit employee must first request such exemption in writing from the Association setting forth with particularity the rationale for the exemption. If the Association notifies the bargaining unit employee in writing that the Association will not honor the request, then the matter shall be referred automatically to a panel for determination according to the procedure set forth below. The panel shall be composed of one (1) person selected by the Association, one (1) person selected by the bargaining unit employee, and an arbitrator selected by the parties chosen from a list submitted by the State of California Mediation and Conciliation Services. If either one or both parties fail to nominate a panel member, the process of hearing will continue without that party's panel member.

(4) The panel shall first receive arguments and evidence from the bargaining unit employee requesting the exemption. Thereafter the Association may present any arguments or evidence. The proceedings shall be conducted in an informal manner, and the rules of evidence will not apply. The arbitrator shall act as chair and rule on all matters before the panel, with the exception of the final determination of the panel. The panel shall prepare a written decision within fifteen (15) calendar days of the completion of the hearing, which shall be final and binding upon the parties. Any expenses of the panel shall be borne by the parties incurring them; provided, however, that the City shall not be obligated to pay any arbitration panel fees or costs.

(5) Upon receipt of the decision of the panel, the City shall release any funds held in escrow to the Association or to the charity. Any decision by the panel shall apply for the duration of this Memorandum of Understanding.

(6) In addition, the Association may require such exempt bargaining unit employee to submit proof of payment of an amount equivalent to such agency fee to one (1) of the alternative funds or organizations listed above. If the bargaining unit employee has not provided payment, the City will institute deductions pursuant to Article 2.2, Section (b)(2) and forward such monies to a charity listed in Article 2.2, Section (f)(2).

(7) Such payments shall be made on or before January 31 of each year or no more than thirty (30) days after commencing duties for any newly hired employee.

(g) **Escrow Account**

If any bargaining unit employee either disputes the amount of the fee or disputes whether or not an exemption was appropriately denied, the City shall deposit the fee which was deducted and place such amount into a special escrow account established by the Association for such purposes.

(h) **Procedure for a Bargaining Unit Employee Who Contests the Amount of the Fee**

(1) The parties agree that in order to provide a uniform definition of the agency fee, any disputes involving the amount of such fee shall be referred to the Association's procedure for determination, provided that the parties have first complied with the other provisions of this Article.

(2) The Association shall notify the City in writing within twenty (20) days after it becomes aware that any employee disputes the amount of the fee.

(3) The Association will verify in writing to the City that all of the conditions of Article 2.2, Section (b)(3) have been met prior to the City's initiation of the fee deductions set forth in Article 2.2, Section (b)(2). Thereafter, the City will notify the affected employee in writing that such deductions will commence and a copy of the Association's written verification will be attached to the City's notice. Thereafter, the City will begin the deductions.

(4) The monies held in escrow shall be released to the appropriate party upon the rendering of a final decision by the Association's internal procedure.

(i) **Payment Method/Payroll Deduction**

(1) A bargaining unit employee may voluntarily sign and deliver to the City a written assignment authorizing deduction of the properly established agency fee as defined in Article 2.2, Section (c), subject to the conditions set forth elsewhere in this Memorandum of Understanding for payroll deductions, or the amount of the fee will be deducted automatically in accordance with Article 2.2, Section (b)(2) herein.

(2) The City is under no obligation to make payroll deductions for the periods during which a bargaining unit employee is either terminated from active employment, or not on the City's active payroll for any reason, including, but not limited to, layoff and voluntary leave of absence for more than thirty (30) days.

(3) Upon the rehiring of any bargaining unit employee, or upon the recalling of any bargaining unit employee from layoff status, the City will resume or initiate dues deductions for such bargaining unit employee.

(j) Obligations of Parties

(1) City's Obligations

The City's obligation under this Article is to notify any bargaining unit employee who has failed to comply with the provisions of this Article that, as a condition of continued employment with the City, such bargaining unit employee must become an Association member, or pay a agency fee, or establish an exemption status and make payment pursuant to provisions of Article 2.2, Sections 0 and 0 . Under no circumstances shall the City be required to dismiss or otherwise discipline any unit member for failure to fulfill his/her obligations to pay the fees established herein.

The City will provide to the Association the name, classification, department, home address and telephone number for each new employee each month.

(2) Association's Obligations

Except as specified herein, the Association and not the City, shall be responsible for requiring bargaining unit employees to fulfill obligations defined herein. It is the obligation of the Association to collect any initiation fees, periodic assessments, members dues and/or agency fees which may be due and payable to the Association in consideration for its services as the exclusive representative of unit employees.

(k) Hold Harmless Provision

The Association shall hold the City harmless, and shall fully and promptly reimburse the City for any fees, costs, charges or penalties incurred in responding to or defending against any claims, disputes, challenges, whether formal or informal, which are actually brought, or attempted or threatened to be brought, against the City or any of its agents, or employees, in connection with the interpretation, application, administration or enforcement of any Article of this Memorandum of Understanding pertaining to agency fees. Such reimbursement shall include, but not be limited to, court costs, litigation expenses, and attorney's fees incurred by the City. The City shall have the right to be represented by its own attorney in any action in which it is a named party to the action. Disputes over the amount of reimbursement shall be automatically submitted to the arbitration provisions of this Memorandum, Article 0.

2.3 Use of City Facilities

(a) The Association shall be allowed use of space on available bulletin boards and reasonable use of City computer systems and networks for communications having to do with official Association business, such as times and places of meetings, provided such use does not interfere with the needs of the City.

(b) Any representative of the Association shall give notice to the department head or designated representative when contacting department employees on City facilities during the duty period of the employees, provided that solicitation for membership or other internal Association business shall be conducted during the non-duty hours of all employees concerned. Prearrangement for routine contact may be made with individual department heads and when made shall continue until revoked by the department head.

(c) City buildings and other facilities may be made available for use by bargaining unit employees and their Association representative(s) in accordance with such administrative procedures as may be established by the City Manager, Director of Human Resources, or department heads concerned.

2.4 Advance Notice

(a) Except in cases of emergency, reasonable advance written notice shall be given to the Association if affected by any ordinance, resolution, rule or regulation directly relating to matters within the scope of representation proposed to be adopted by the City and shall be given the opportunity to negotiate if requested with the designated management representatives prior to adoption.

(b) In cases of emergency when the foregoing procedure is not practical or in the best public interest, the City may adopt or put into practice immediately such measures as are required. At the earliest practicable date thereafter the Association shall be provided with the notice described above and be given an opportunity if requested to negotiate changes to said notice with the management representatives designated by the City Manager.

2.5 Attendance at Meetings by Employees

City employees who are official representatives or unit representatives of the Association shall be given reasonable time off with pay to attend meetings with City management representatives, ~~or be present at City hearings~~ where matters within the scope of representation or grievances are being considered. ~~Time spent for this purpose during the representative's scheduled hours of work shall count as time worked. Attendance at meetings during nonworking hours will not be counted as time worked except in extraordinary circumstances as determined by the City~~. **Time spent for these purposes while a representative is not scheduled to work shall not be compensated by the City and shall not be considered as hours worked.** Such employee representatives shall submit a request for excused absence to their respective department heads, in a manner satisfactory prior to the scheduled meeting whenever possible. Except by mutual agreement the number of employees excused for such purposes shall not exceed three (3) per recognized bargaining unit.

2.6 Employee Rights

(a) Employees covered by this Memorandum shall have the right to join and to participate in the activities of the Association for purposes representation under California Government Code Section 3500 *et seq*., and shall also have the right to refrain from participation of any such activities.

(b) Employees covered by this Memorandum have the right to be free from interference, intimidation, restraint, coercion, discrimination or reprisal on the part of the City, covered under California Government Code Section 3500 *et seq.*

(c) The above provisions shall not be subject to the grievance procedure, herein, but shall be subject to enforcement through the established administrative procedures and the provisions for enforcement of the California Government Code Section 3500 *et seq.*

2.7 Assignment of Classifications

New job classifications established by the City shall be assigned to the bargaining unit, pursuant to the City's Employer–Employee Relations Resolutions, after providing notice and the opportunity to consult with the Association regarding such matters.

ARTICLE 3. NON-DISCRIMINATION

The City and the Association agree that there shall be no discrimination of any kind because of **age (over 40),** race, creed, color, religion, national origin, **ancestry, veterans status, physical or mental disability, marital status, sexual orientation,** sex, **(sexual, gender based, pregnancy/childbirth), physical or mental** disability, political affiliation, sexual orientation, concerted labor activity or other protected activity or status**, or on any other basis prohibited by applicable federal and State law** against any employee or applicant for employment~~; and to the extent prohibited by applicable State and Federal law there shall be no discrimination because of age~~. **In addition, the Union shall cooperate with the City, to the extent authorized by federal and State laws and regulations, in furthering the City's objective of promoting equal employment opportunities.**

The Association shall cooperate with the City**, to the extent authorized by federal and State laws and regulations,** in the objective of Equal Employment Opportunities, as defined by Federal and State regulations.

ARTICLE 4. PROBATION

4.1 Purpose

The probationary period shall be utilized for closely observing the employee's work, for securing the most effective adjustment of a new employee to a position, and for rejecting any probationary employee whose performance does not meet the required standards of work.

4.2 Original Entrance and Promotional Positions

Employees hired or promoted after the effective date of this Memorandum of Understanding will be subject to the following:

(a) All original appointments shall be tentative and subject to probationary period of not less than twelve (12) months.

(b) All promotional appointments shall be tentative and subject to a probationary period of not less than six (6) months.

(c) Original and promotional probationary periods may be extended up to an additional six (6) months in those cases where the appointing authority and the Director of Human Resources agree that an extension would be beneficial to the employee and the City due to specific and documented performance problems.

4.3 Retention/Rejection of Probationer

(a) At the end of the probationary period, if the service of the probationary employee has been satisfactory to the appointing authority, then the appointing authority shall file with the Director of Human Resources a statement in writing to such effect and stating that the retention of such employee in the service is desired. The City will make a good faith effort to notify a probationary employee two (2) weeks before the end of the probationary period whether or not regular status is granted; however, a failure on the part of the appointing authority to file such a statement at the end of the probationary period shall constitute a rejection of the probationer as defined in Civil Service Rules.

(b) During the probationary period an employee may be rejected at any time by the appointing authority. Any employee rejected during the probationary period following a promotional appointment, shall be reinstated to the position from which promoted unless charges are filed and the employee is discharged in the manner provided in 0 of this Memorandum of Understanding and in the Civil Service Ordinance and Civil Service Rules, which are consistent therewith.

(c) If an employee is rejected from his/her probationary period, the employee shall receive the salary at the same step prior to promotion.

ARTICLE 5. PERFORMANCE EVALUATIONS

5.1 Preparation of Draft and Discussion with Employee

(a) Performance evaluations shall normally be prepared in draft form and discussed with the employee prior to finalization and inclusion in the official personnel file.

(b) Employees shall be evaluated according to the established procedures set forth in City policies. Evaluations should include, where practicable, narrative remarks to support the ratings.

(c) Ratings of less than satisfactory in any of the major categories shall include a statement of the deficiency, suggested plans for correction, and a time frame for improvement.

(d) Employees may respond in writing to a performance evaluation and have such response attached to their official personnel file.

5.2 Employee Disagreement with Rating

If an employee does not agree with the performance evaluation, the employee may submit a written response to the department head raising specific issues of disagreement. The department head shall investigate the evaluation and render a written decision on all issues raised by the employee within twenty (20) working days of receipt of the appeal. If the employee is not satisfied with the department head's response, the employee may prepare a written response as described above.

5.3 Annual Evaluations

(a) The City may institute annual evaluations of bargaining unit employees beyond the sixth year of employment on a department-by-department basis.

(b) In the event a supervisor or manager does not complete a represented employee's performance evaluation on time resulting in a delay in the employee's step or merit increase, the supervisor or manager shall promptly complete the necessary payroll form(s) (e.g. form CS-23) to implement the step or merit increase.

ARTICLE 6. PERSONNEL RECORDS

6.1 Inspection

Employees covered by this Memorandum of Understanding shall have the right to inspect and review the contents of their official personnel file in the Human Resources Department or duplicate file kept in the department at "reasonable intervals" and upon prior notice and approval of the employee's immediate supervisor. This right shall not extend to letters of reference, preemployment matters, and reports concerning criminal investigations of the employee.

6.2 Review and Response Before Adverse Action

The City will not take any adverse action based upon any documented incident or any document, unless the bargaining unit employee first receives a copy of the document and has an opportunity to respond in writing to that document. This requirement does not apply to supervisor's anecdotal records which will be kept separate from the official personnel file or the departmental duplicate file. Such anecdotal records may be maintained for preparation of an evaluation or for notations related to potential discipline.

6.3 Request for Removal of Records

An employee or an official representative of the Association upon written, dated, authorization by the individual employee may seek removal of any material placed into their official file according to the City's Discipline Policy. This paragraph does not apply to records required by law to be kept, or as set forth in Article 0 above.

ARTICLE 7. LAYOFF

7.1 Layoff

Any employee may be laid off by an appointing authority in the event of the abolition of the employee's position by the City Council, or if a shortage of work or funds requires a reduction in personnel. In doing so, the City shall follow the layoff procedure set forth herein below.

7.2 Layoff Scope

(a) The City shall designate the number of layoffs in each bargaining unit classification for each department of the City.

(b) Departments of the City are defined as follows:

(1) City Attorney
(2) City Auditor
(3) City Clerk
(4) City Manager
(5) Community Development
(6) Community Services
(7) Economic Development
(8) Financial Management
(9) Fire
(10) Housing and Redevelopment
(11) Human Resources
(12) Information Technology
(13) Library
(14) Municipal Utilities
(15) Police
(16) Public Works

7.3 Notice of Layoff

The City will give advance written notice of at least two (2) weeks to employees who will be laid off.

7.4 Precedence by Employment Status

No bargaining unit employee having regular status shall be laid off while employees working in seasonal, temporary, provisional, or probationary status are retained in the same or comparable classification as such regular employee. The order of layoff among bargaining unit employees not having regular status shall be as follows:

(a) First, seasonal employees;

(b) Second, provisional employees;

(c) Third, temporary employees; and

(d) Fourth, probationary employees.

Layoffs shall be by job classification according to reverse order of seniority as determined by total service in the City, except as specified above. For the purpose of this procedure, regular part-time classes shall be considered as separate from regular full-time classes.

The following provisions shall apply in computing total continuing service:

(a) Time spent on military leave shall count as service in the event the leave was taken subsequent to entry into regular City employment.

(b) Time worked in seasonal, provisional, temporary, grant or other limited term status shall not count as service.

(c) Time worked in a regular status or probationary status shall count as service.

(d) If two (2) or more employees have the same seniority, the order of seniority shall be determined by ~~lot~~ **their respective ranking on the eligibility list for hire**.

[ADDED FROM 4/14/2010 SIDELETTER]

(e) If two (2) or more employees have the same seniority, but were not hired from a ranked eligibility list, the order of seniority shall be determined by lot.

(f) If two (2) or more employees have the same seniority, but were hired from separate ranked eligibility lists, the order of seniority shall be determined by lot.

ADDED FROM 6/1/2011 SIDELETTER]

~~(e)~~**(g)** Regular status part-time employees shall not have the right to bump regular status full-time employees.

7.5 Order of Layoff and Employee Options

Reduction in force shall occur in the following order:

(a) The least senior employee occupying the position(s) being eliminated shall be the first laid off. The incumbent designated for layoff shall have the options noted below:

(1) Displacing the least senior employee occupying the same or comparable classification, department wide

(2) **Exercising seniority by returning to the classification in which the employee had prior status, thus displacing the employee working in that classification who has the least seniority.** ~~Taking a voluntary demotion within the City to a classification in which the employee had prior regular status, thus displacing the employee working in that classification who has the least seniority~~.

[ADDED FROM 5/7/09 SIDELETTER]

(b) Seniority for the purposes of application of the layoff procedure in Article 7 is determined by total City employment, excluding employment as a seasonal, provisional, or temporary employee.

(c) Comparability of employee classifications for the purposes of application of the layoff procedure in Article 7 shall **mean the exact salary and similar duties as determined by the Director of Human Resources. Employees must meet the minimum qualifications of the comparable classification.** ~~be determined by the Director of Human Resources~~.

[ADDED FROM 5/7/09 SIDELETTER]

(d) An employee displaced in accordance with this Article 7.5 shall be laid off in the same manner as an employee whose position has been abolished.

7.6 Health and Welfare Benefits During Layoff

Regular employees who are laid off will have an option of maintaining their existing health and welfare benefits for thirty-six (36) months (the thirty-six (36) months runs concurrently with any COBRA benefits) from the date of layoff, provided timely payments of the premiums by the employee are made to the City, according to City regulations, and provided the employee otherwise meets the requirements of federal and state regulations.

7.7 Voluntary Layoff

When a determination has been made that a layoff will occur, regular full-time employees may elect to be voluntarily laid off regardless of their seniority status. The following provisions apply to an employee who so elects to be laid off:

(a) For payroll purposes, the employee will be treated as being on approved leave of absence without pay for up to twelve (12) months.

(b) The employee will have the option to either retain sick leave and/or vacation balances for up to one (1) year in anticipation of reemployment or be paid off for those leaves in accordance with applicable provisions of this Memorandum of Understanding.

(c) The names of employees who elect to be voluntarily laid off will be placed on reemployment lists in accordance with 0.

ARTICLE 8. REEMPLOYMENT

8.1 Placement of Eligibility List for Position Held

The name of each employee who is laid off or reduced from a higher class as a result of layoff in accordance with 0 shall be placed at the head of the eligibility list for the class of positions which that employee held, and shall be given preference in filling vacancies in that class.

8.2 Placement on Eligibility List for Qualifying Positions

An employee laid off in accordance with this Article shall be placed on the eligibility list or lists for any lower or comparable class or classes in the same department, provided that the appointing authority and the department head in charge of this lower or comparable class determine that the employee is competent to perform the duties thereof in strict accordance with the class specifications. This right of a laid off employee shall remain effective for two (2) years from the date of latest separation from service. Employees who are subject to a layoff will be provided by the Human Resources Department a notice of their rights of reemployment and a form on which the employees are to indicate their reemployment preferences.

Employees placed on said list or lists shall be at the head of the eligibility list for the class of positions for which qualified as hereinabove set forth and shall be given preference in filling vacancies except for those persons placed on said lists or lists of reemployment in the same position previously held. **An employee who waives reemployment shall have his/her name removed from this reemployment list unless mutually agreed to by the Department and employee.** Upon certification for appointment to a new position never having been held by this employee, he/she shall be subject to the probationary period provided in 0 of this Memorandum of Understanding.

8.3 Status Upon Reemployment

Upon reemployment to the same position from which laid off or a position in which the employee held regular status, the employee will be returned to prior status regarding seniority, merit increases, probationary period, and unused sick and vacation leave.

8.4 Temporary Employment

A person on a laid off status may accept a temporary appointment without any effect on their reemployment status.

ARTICLE 9. DISCIPLINE

9.1 Predisciplinary Rights

Disciplinary action, including discharge, suspension, reduction in pay or demotion, may be taken against any employee for cause.

An employee facing potential disciplinary action will be entitled to the following predisciplinary rights:

(a) Notice of proposed discipline.

(b) Date(s) proposed discipline will be effective.

(c) Reasons for the proposed discipline, the specific grounds and particular facts upon which the action is taken.

(d) The employee must be provided with any written materials, reports and documents upon which the action is based.

(e) Ten (10) working days in which an employee or the employee representative may respond either orally or in writing to the department head.

9.2 Administrative Leave

The Department Head upon authorization of the Director of Human Resources may place an employee on administrative leave pending the completion of the predisciplinary process.

9.3 Disciplinary Appeal Options

The appointing authority may discharge, suspend, reduce in pay or demote any employee in the classified service provided the Stockton Municipal Code provisions and the rules and regulations of the Civil Service Commission and any applicable provisions of law are followed. These provisions allow the employee suspended, demoted, reduced in pay, or discharged to appeal the adverse action. The employee may take only one (1) of the following actions:

(a) File no appeal, in which case the adverse action shall become final after the tenth (10^{th}) working day following the employee's receipt of the notification of the adverse action.

(b) File an appeal with the Civil Service Commission within ten (10) working days following the employee's receipt of written notification of the adverse action. Filing an appeal with the Civil Service Commission bars use of grievance procedure contained in Article 10 to appeal the same adverse action. The appeal must be served by personal service, fax, or certified mail.

(c) File a grievance as provided for in 10 within ten (10) working days by personal service, fax, or certified mail following the employee's receipt of written notification of the action.

If the employee fails to do 0 or 0 above within the prescribed time frames, these rights will have been waived.

ARTICLE 10. GRIEVANCE PROCEDURES

10.1 Definition

A grievance is any dispute which involves the interpretation or application of those rules, regulations and resolutions which have been, or may hereafter be, adopted by the City Council to govern personnel practices and working conditions, including such rules, regulations and resolutions as may be adopted by either the City Council or the Civil Service Commission to affect Memoranda of Understanding which result from the meeting and conferring process.

10.2 Filing Deadline

(a) No grievance involving demotion, suspension, reduction in pay, discharge or other employment penalty will be entertained unless it is filed in writing with the Director of Human Resources within ten (10) working days following the date on which the affected employee received written notification by certified mail or personal service of the adverse action.

(b) All other grievances must be filed within twenty (20) working days from the time the employee knew or had reason to know of the facts giving rise to the grievance.

(c) By mutual written agreement of the Director of Human Resources and the Association, the time limits contained in this grievance procedure may be extended or waived.

10.3 Grievance Processing

(a) **Step 1—Departmental Review**

Any employee claiming to have a grievance may discuss the complaint with such management official in the department where employed as the department head may designate. If the issue is not resolved within the department within fifteen (15) working days from the day of presentation or if the employee elects to submit the grievance directly to the Association, the procedures hereinafter specified may be invoked.

(b) **Step 2—Director of Human Resources Review**

(1) If the employee is not satisfied with the response at Step 1, then the employee may appeal the grievance to the Director of Human Resources within ten (10) working days of the receipt of written response at Step 1. The grievance appeal from Step 1 must state with particularity:

(A) The specific policy, rule or provision which is alleged to have been violated;

(B) A statement of facts comprising the violation; and

(C) The requested remedy.

(2) The Association may file and process grievance(s) on behalf of the specifically named employee.

(3) The Director of Human Resources shall have twenty (20) working days in which to investigate the issues and respond in writing to the appeal.

(4) No grievance may be processed to Steps 3 and 4 that has not first been filed and investigated in accordance with this paragraph, unless the Director of Human Resources fails to respond within the twenty (20) working day time limit.

(c) **Step 3—Voluntary Mediation**

The parties may mutually agree to the use of this Step prior to proceeding to Step 4, Binding Arbitration. Either party may with written notice within ten (10) working days of the decision of Step 2 invoke Step 3. Upon request for Step 3, the City will request a mediator from the State of California Mediation and Conciliation Services to review the grievance and make non-binding recommendations to assist the parties in resolving the grievance. The mediator will not provide any written documents and is limited to the restriction in Labor Code Section 65 and Attorney General opinions 51/183 and 68/77.

(d) **Step 4—Binding Arbitration**

If the grievant or the Association is dissatisfied with the response at Step 2, or Step 3, if used, or if the Director of Human Resources fails to respond within the time limit, the matter may, within twenty (20) calendar days of the Step 2 response, be referred to an arbitrator mutually selected by the parties, or, if the parties are unable to mutually agree, from a list of seven (7) arbitrators provided by the State of California Mediation and Conciliation Services. The arbitrator shall be chosen by the alternative strike method, with first choice being determined by lot. The fees and expenses of the arbitrator and of a court reporter shall be shared equally by the Association and the City. Each party, however, shall bear the cost of its own presentation, including preparation and post hearing briefs, if any.

(e) **Effect of Decision**

Decisions of arbitrators on matters properly before them shall be final and binding on the parties hereto except as provided otherwise herein.

10.4 Scope of Arbitration

(a) No arbitrator shall entertain, hear, decide or make recommendations on any dispute unless such dispute involves a position in a unit represented by the Association and unless such dispute falls within the definition of a grievance as set forth in Article 0.

(b) Notwithstanding the provisions of Article 0 of this Memorandum of Understanding, proposals to add to or change this Memorandum of Understanding or written agreements or addenda supplementary hereto shall not be arbitrable and no proposal to modify, amend or terminate this Memorandum of Understanding, nor any matter or subject arising out of or in connection with such proposal, may be referred to arbitration under this Article. No arbitrator selected pursuant to this Article shall have the power to amend or modify this Memorandum of Understanding or written agreements or addenda supplementary hereto or to establish any new terms or conditions of employment.

(c) No changes in this Memorandum of Understanding or interpretations thereof (except interpretations resulting from arbitration proceeding hereunder) will be recognized unless agreed to by the City Manager and the Association.

10.5 Other Provisions

(a) Complaints which allege the employee is not being compensated in accordance with the provisions of this Memorandum of Understanding shall be considered as grievances and processed pursuant to Article 10.3. Any other matters of compensation are to be resolved in the meeting and conferring process and if not detailed in the Memorandum which results from such meeting and conferring process shall be deemed withdrawn until the meeting and conferring process is next open for such decision. Except disputes arising from Article 12.8 of this Memorandum (entitled "Work Furloughs"), no adjustment shall be retroactive for more than thirty (30) days from the date upon which the complaint was filed.

(b) Specified time limits may be modified only in writing. All appeals and responses must be provided in writing.

(c) The grievant and employee-witnesses will be provided release time without loss of pay for all required meetings with management as well as for attendance at and participation in the arbitration hearing.

(d) The provisions of this Article shall not abridge any rights to which an employee may be entitled under the Stockton Municipal Code and/or Civil Service Rules and Regulations, nor shall it be administered in a manner which would abrogate any power which, under the Stockton Municipal Code and/or Civil Service Rules and Regulations, may be within the sole province and discretion of the Civil Service Commission.

(e) All grievances of employees in representation units represented by the Association shall be processed under this Article. If the Stockton Municipal Code and/or Civil Service Rules and Regulations require that a differing option be available to the employee, no action under Article 0 shall be taken unless it is determined that the employee is not utilizing such option.

(f) No action under Article 10.3 shall be taken if action on the complaint or grievance has been taken by the Civil Service Commission, or if the complaint or grievance is pending before the Civil Service Commission.

(g) If any award by an arbitrator requires action by the City Council or the Civil Service Commission before it can be placed in effect, the City Manager and the Director of Human Resources will recommend to the City Council or the Civil Service Commission, as appropriate, that it follow such award.

ARTICLE 11. LEAVES

11.1 Vacation Leave

(a) Vacation Allowance

(1) **Effective July 1, 2012, a**~~A~~ll full-time bargaining unit employees, excluding Fire Telecommunicators assigned to a 56-hour workweek, shall accrue vacation leave with pay in accordance with the following schedule:

Years of Continuous City Service	Annual Vacation Allowance
1½ years or less	80 hours
1½ years to 7½ years	**108**~~120~~ hours
7½ years to 15 years	**144**~~160~~ hours
15 years to 25 years	**189**~~200~~ hours
Over 25 years	One additional **7-**~~8~~-hour day for each completed year of service in excess of 25 years (e.g. 26 yrs. equals **207**~~208~~ hrs., 27 yrs. equals **214**~~216~~ hrs., etc.)

~~(2) Each bargaining unit employees, except Fire Telecommunicators assigned to a 56-hour workweek, shall be allowed to carry over up to 120 hours vacation more than the employee's regular vacation accrued for the preceding calendar year. Whenever an employee's accumulation of vacation hours exceeds the maximum vacation carryover provision, the equivalent number of hours that exceed the maximum vacation carryover hours shall be automatically credited to the employee's sick leave accumulation balance at the end of the calendar year. However, employees may carry over vacation time in excess of the maximum allowance when such vacation accrues while remaining in a pay status during a period of illness or injury which precluded vacation credits in excess of the maximum allowed.~~

(2) Bargaining unit employees scheduled to work less than full-time shall receive vacation benefits on a proportional basis.

(3) Bargaining unit employees shall accrue vacation on a twice monthly payroll basis.

(b) **Vacation Leave Accrual for Fire Telecommunicators**

(1) **Effective July 1, 2012,** Fire Telecommunicators assigned to a 56-hour workweek shall accrue vacation leave with pay in accordance with the following schedule:

Years of Continuous City Service	Annual Vacation Allowance
1½ years or less	120 hours
1½ years to 7½ years	**162**~~180~~ hours
7½ years to 15 years	**216**~~240~~ hours
15 years to 25 years	**283.5**~~300~~ hours
Over 25 years	An additional **10.5** ~~12~~hours for each completed year of service in excess of 25 years (e.g. 26 yrs. equals **294** ~~312~~ hrs., 27 yrs. equals **304.5**~~324~~ hrs., etc.)

~~(2) Fire Telecommunicators assigned to a 56-hour workweek shall be allowed to carry over up to 180 hours vacation more than the employee's regular vacation accrued for the preceding calendar year. Whenever an employee's accumulation of vacation hours exceeds the maximum vacation carryover provision, the equivalent number of hours that exceed the maximum vacation carryover hours shall be automatically credited to the employee's sick leave accumulation balance at the end of the calendar year. However, employees may carry over vacation time in excess of the maximum allowance when such vacation accrues while remaining in a pay status during a period of illness or injury which precluded vacation credits in excess of the maximum allowed.~~

(c) Maximum Vacation Accrual. Employees reaching the maximum hours shall stop accruing additional hours until they are below the

caps listed here. No vacation hours may be added to sick leave balances without exception. Effective July 1, 2012, the following maximum vacation accruals shall take effect. For employees who on July 1, 2012 have vacation balances that exceed their maximum shall have until June 30, 2013 to use sufficient vacation to get under the maximum allowed. If an employee does not get below the maximum by June 30, 2013, they shall retain their existing earned vacation, but shall not earn any additional vacation until they are under the maximum vacation accrual allowed.

Maximum Vacation Accrual Caps

40 Hour Employee

Under 1.5 years	**120 hours (15 days for 8 hour shift)**
1.5 – 7.5 years	**240 hours (30 days for 8 hour shift)**
7.5 – 15 years	**280 hours (35 days for 8 hour shift)**
15 – 25 years	**320 hours (40 days for 8 hour shift)**
26 years	**328 hours (41 days for 8 hour shift)**
27 years	**336 hours (42 days for 8 hour shift)**
28 years	**344 hours (43 days for 8 hour shift)**
29 years	**352 hours (44 days for 8 hour shift)**

For every year of service beyond 29, the employee is allowed to add an additional seven (7) hours to the maximum accrual cap.

56 hour Employee

Under 1.5 years	**300 hours**
1.5 – 7.5 years	**360 hours**
7.5 – 15 years	**420 hours**
15 – 25 years	**480 hours**
26 years	**492 hours**
27 years	**504 hours**
28 years	**516 hours**
29 years	**528 hours**
29 plus years	**7 hours each additional year**

(d)~~(c)~~ **Vacation Scheduling**

Vacation leaves shall be scheduled so that they will not interfere with the normal operation of the City's business and with due consideration for the wishes of the employee. Each Department will reduce its scheduling practice to writing and distribute to all employees within the unit.

~~(e)(d) Vacation Allowance for Separated Employees~~

~~(1) Upon termination of employment, a bargaining unit employee shall receive payment for all accrued but unused vacation leave hours based upon the bargaining unit employee's hourly base rate.~~

~~(2) An employee who has resigned in good standing and is subsequently reinstated within one (1) year from the date of resignation shall have prior service counted in determining eligibility for vacation benefits, deducting therefrom the amount of time between the date of resignation and the date of reinstatement which shall not be counted in determining eligibility.~~

(e)~~(e)~~ **Cash Payment Option**

An employee may elect to receive cash payment up to **a maximum of forty (40) hours** ~~two (2) times per calendar year for a maximum of eighty (80) hours~~ of his/her accumulated vacation balance **except that all cash outs shall be suspended during furlough or fiscal emergency periods**. To qualify for this sell-back benefit, an employee must have used, either in the preceding or current fiscal year, an equivalent number of vacation days to the number of sell-back days.

(d) **Vacation Allowance for Separated Employees in this Unit**

When an employee is separated from service between February 17, 2012 and July 1, 2014, the employee's remaining vacation allowance, if any, shall be paid as follows:

(1) **Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated vacation hours.**

(2) **On the one year anniversary of employee's separation, he/she shall receive the second payment of one third (1/3) or $10,000, whichever is greater, of the balance of his/her unused accumulated vacation hours.**

(3) **On the second anniversary of separation, he/she shall receive the balance payment of the unused accumulated vacation hours.**

(4) **Employees who are involuntarily separated shall have their unused accumulated vacation hours, if any, added to his/her final compensation.**

11.2 Sick Leave

(a) **Accrual**

(1) All regular full-time bargaining unit employees, except Fire Telecommunicators assigned to a 56-hour workweek, shall accrue sick leave at the rate of **eight (8)**~~ten (10)~~ hours for each month of completed service.

(2) Fire Telecommunicators assigned to a 56-hour workweek shall accrue sick leave at the rate of **twelve (12)**~~15 hours~~ for each month of completed service.

(3) All regular part-time bargaining unit employees shall accrue sick leave on a prorated basis.

(4) Unused sick leave shall accumulate from year to year with no maximum accrual. Employees shall continue to accrue sick leave while off duty on authorized sick leave; provided, however, an employee shall not accrue sick leave during any leave or leaves of absence without pay granted to the employee.

(b) **Usage**

(1) Employees are entitled to sick leave pay for those days which the employee would normally have worked, to a maximum of the hours accrued, described as:

(2) Preventive medical, dental, optical care, illness, injury or exposure to contagious disease which incapacitates the employee from performing normal work duties. This includes disabilities caused or contributed to by pregnancy, miscarriage, abortion, childbirth and recovery therefrom.

(c) **Family Sick Leave ("Kin Care")**

In accordance with California Labor Code section 233 ("Kin Care"), bBargaining unit employees may utilize **one-half of the employee's annual** sick leave **accrual to care for an** ~~in the case of~~ illness or injury ~~in~~ **of** the employee's immediate family ~~when such illness or injury requires personal care~~. Such leave shall be restricted to the employee's parents, spouse, registered domestic partner, mother-in-law, father-in-law, child, stepchild, brother, sister, brother-in-law, sister-in-law, grandparent and grandchild. The employee's "child" includes a biological, foster, or adopted child, a stepchild, a legal ward, a child of the employee's registered domestic partner, or a child to whom the employee stands *in loco parentis.* ~~California Labor Code section 233 ("Kin Care") requires employers to permit an employee to use one-half of the employee's annual sick leave accrual to attend to an illness of his or her child, parent(s), spouse, or registered domestic partner.~~ Family sick leave usage pursuant to California Labor Code section 233 shall not be considered when evaluating the employee's work performance.

(d) **Reporting Procedures for Sick Leave**

When the requirement for sick leave is known to the employee in advance of the absence, (for example, included but not limited to scheduled medical, dental or vision appointments), the employee shall request authorization for such sick leave from the department head prior to such absence.

If an employee is not able to report due to illness or injury, the employee shall report as soon as possible to the appropriate supervisor, but in no case more than thirty (30) minutes after the start of the work day, except for extenuating circumstances prohibiting giving notice.

Failure to notify as soon as possible and in conforming with the thirty (30) minute notification shall be cause for the following disciplinary action:

(1) For the first time in a six (6) month period, a Memorandum of Discussion.

(2) For the second time within a six (6) month period, a Letter of Reprimand.

(3) For any subsequent time within a six (6) month period, suspension from work; or at any time four (4) or more incidents occur within a six (6) month period, the employee may be discharged.

The six (6) month period will be defined as six (6) months from the most recent incident.

Any Memorandum of Discussion or Letter of Reprimand regarding failure to notify the City as provided herein, which is more than twelve (12) months old, will be removed upon the request of the employee if no additional incidents occur during the twelve (12) months period.

(e) **Verification Procedures**

(1) Before being paid for the use of accrued sick leave, the employee shall submit a signed statement to the department head, on a prescribed form, stating the dates and hours of absence, the reason, and such other information as is necessary for the request to be evaluated. If an employee doesn't return to work prior to the preparation of the payroll, other arrangements may be made with the department head.

(2) Doctor's Certificate or Other Proof. **The Director of Human Resources may require a doctor's certificate or other reasonable proof of illness as he/she deems necessary in order for an employee to receive an excused absence from work and sick leave pay. The employee shall be given notice prior to returning to work that he or she will be required to provide such documentation. Employees who have unscheduled absences due to illness on a scheduled work day preceding or following a holiday may be required to bring a doctor's certificate or other reasonable proof of illness in order to receive an excused absence and sick leave pay.** ~~If an employee's illness results in an absence from work for more than three (3) consecutive days, a doctor's certificate or other reasonable proof of illness may be required.~~

~~The Director of Human Resources may make such sick leave usage reviews and may require such additional documentation including a physician's statement as he deems necessary before approving the sick leave benefit.~~

(3) If the City has a reasonable basis to believe that an employee is abusing the sick leave benefit, the City or the employee's supervisor must first meet with the employee to: 1) explain the reasonable basis for the believed abuse, and 2) discuss the reasons for the employee's absence. The employee has the right to Association representation at such meeting. After such meeting, and depending on the factual circumstances, the City may:

(A) Place the employee on restricted sick leave for a period of not more than four (4) months, under the direction of the Director of Human Resources pursuant to Article 0 above;

(B) Suspend the employee without pay for up to five (5) days for abuse of sick leave; or dismissal from employment if a prior suspension involved abuse of sick leave;

(C) Place the employee in an employee assistance program, if agreed to by the employee.

(f) **Use of Sick Leave While on Vacation**

An employee who is injured or who becomes ill while on vacation may be paid for sick leave in lieu of vacation provided that the employee:

(1) Was hospitalized during the period for which sick leave is claimed, or

(2) Received medical treatment or diagnosis and presents a statement indicating disabling illness or injury signed by a physician covering the period for which sick leave is claimed.

(g) **Payment for Unused Sick Leave**

Effective February 17, 2012, all sick leave shall have no cash value upon separation of employment and employees shall not be allowed to cash out unused sick leave. ~~Upon separation of employment by reason of death, service or disability retirement, the employee or the employee's estate will be paid fifty percent (50%) of the total unused sick leave at its current cash value~~

(h) CalPERS Service Credit for Unused Sick Leave.

Employees shall be eligible for CalPERS service credit for unused sick leave at retirement based on the PERS contract provisions in effect at the time of their hire. Employees hired after the implementation of the new retirement tier will not be eligible for unused sick leave service credit.

11.3 Other Leaves With Pay

(a) Bereavement Leave

(1) In the event of a death in the immediate family, an employee shall, upon request, be granted up to three (3) days bereavement leave with pay without charge to accumulated sick leave credits or vacation eligibility. The City Manager or his designee may grant an additional two (2) days bereavement leave upon request which shall be charged against the employee's accumulated sick leave credits in cases where extensive travel is required to attend the funeral. For the purposes of this paragraph, the immediate family shall be restricted to the employee's parents, spouse, registered domestic partner, mother-in-law, father-in-law, child, son-in-law, daughter-in-law stepchild, brother, sister, brother-in-law, sister-in-law, grandparent and grandchild.

(2) In the event of the death of a person not immediately related to an employee as defined above, the employee's department head may grant up to three (3) days bereavement leave upon request which shall be charged against the employee's sick leave credits.

(b) Jury Duty Leave

(1) When an employee is summoned to jury duty he or she shall promptly inform his or her supervisor and, if required to serve, may be absent from work without loss of wages or use of accrued leave **for actual hours served on jury duty** ~~while performing jury duty~~ (including travel time). Per Diem jury fees received by an employee, if any, shall be remitted to the City within fifteen (15) days after they are received, exclusive of any meal, expense, and/or travel reimbursements. Upon being excused from the court each day, the employee must return to work if he or she has more than two (2) hours remaining before the end of his or her workday.

(2) Employees serving on jury duty during their normally scheduled days or hours off work shall be granted an equivalent number of hours off during their normal week as scheduled by the supervisor. The noticed supervisor shall monitor the hours of jury duty or witness duty attendance and ensure that said hours are considered as time worked. Any jury fees paid to the employee, except for reimbursement of meals and expenses, shall be remitted to the City through the employee's department head.

(c) Court Leave

Time spent by a bargaining unit employee traveling to/from and attending or appearing in any court or tribunal for any civil or criminal matter as a non-party witness where the employee's attendance results from performance of his or her official duties as a City employee shall be considered time worked. Time spent by a bargaining unit employee traveling to/from and attending or appearing in any court or tribunal for any civil matter as a defendant, respondent, or co-defendant with the City of Stockton arising from the employee's official duties as a City employee shall be considered time worked.

(d) **Military Leave**

(1) The City of Stockton complies with the Uniformed Services Employment and Reemployment Rights Act (USERRA) and nothing contained herein is intended to limit or abrogate rights guaranteed under USERRA

(2) An employee of the City who is a member of the National Guard or Naval Militia or a member of the reserve corps or force of the Federal Military, Naval, or Marine Service and is ordered to duty shall be granted leave with pay while engaged therein, provided the leave does not exceed thirty (30) days in any calendar year.

(3) All regular employees in the service of the City shall be allowed leave of absence without pay for the duration of a national emergency who have been inducted into the Army, Navy, Marine Corps, Air Force, or any other branch of the Military Service of the United States or the State of California. Said employees shall be reinstated in the position they held when they were inducted into Military Service, except as hereinafter stated, providing they are physically fit as shown by a medical examination by the City Physician or other physician appointed to make a medical examination.

(4) In the case of a probationary employee having served a minimum probationary period of six (6) months at the time of induction, it shall be optional with the department head and the City Manager to grant regular status to said employee before induction.

(5) All probationary employees inducted into Military Service not having served the minimum probationary period of six (6) months, or having served the minimum probationary period of six (6) months, but not having received regular status shall be allowed leave of absence without pay for the duration of a national emergency, but said employees shall be placed at the head of the eligible list for such position in the order of their seniority of employment and when appointed to a vacant position, they must be physically fit as above specified and shall serve the balance of their probationary period before attaining the status of a regular employee.

(6) Two or more regular employees granted military leave of absence without pay from the same position shall be reemployed according to their seniority of employment providing they are physically fit as above specified.

(e) **Parental Participation in Children's School Activities**

(1) A parent or guardian of a child or children enrolled in kindergarten through grade 12, or attending a licensed day care facility, may take up to 40 hours each year off work (not to exceed 8 hours in any calendar month) to participate in the activities of the school or licensed child day care facility. The employee should provide as much advance notice as reasonably possible to the City of the planned absence. The employee must use vacation, compensatory, or holiday leave. If requested, the employee must provide documentation from the school verifying the date and time the parent participated in school activities.

(2) A parent or guardian required by the school to attend a hearing regarding the suspension or expulsion of a child will be permitted to attend the meeting. The employee must provide advance notice and may use accrued vacation, compensatory, or holiday leave.

~~(f) **Maternity Leave**~~

~~Time off the job for pregnancy, childbirth and related medical conditions will be covered as required by State and Federal law and City policy consistent therewith. Employees may use sick leave, leave without pay, LTD, vacation leave or a combination of these benefits depending on the nature of the case and the time medically required to recuperate. Generally a six (6) week recovery period after delivery is medically indicated.~~

11.4 Workers' Compensation Leave

(a) Workers' Compensation Benefits shall be provided in accordance with State law and schedules whenever an employee is absence from duty because of disability caused by illness or injury arising out of and in the course of employment which has been declared to be compensable under the Workers' Compensation Law.

~~Eligibility for Salary Continuation benefits shall be effective upon completion of the initial probationary period and shall be payable from the first day of covered absence.~~

~~(b) **Payment**~~

~~Workers' Compensation Leave (Salary Continuation) will be paid as follows:~~

~~(1) Employees who have completed their probationary period shall be afforded a maximum of twelve (12) months Salary Continuation for each industrial illness or injury.~~

~~(2) In the event employees are absent due to service connected disability, and Salary Continuation Benefits are exhausted, they may, at their option, use their accumulated sick leave or vacation leave to such extent as, when added to any temporary disability indemnity receivable by them under Section 4650 *et seq*. of the California Labor Code, will enable them to receive full salary until their accumulated sick leave/vacation leave is exhausted. In such event, their accumulated sick/vacation leave will be charged only in proportion to the amount required to supplement temporary disability payments to enable the payment of full salary. Employees electing to receive such full salary in the foregoing manner, shall as a condition of such receipt, endorse to the City any temporary disability checks received by them. The City will in turn issue warrants to the employees for their full salary with normal deductions for retirement (if any), Federal and State income taxes, and any other authorized deductions.~~

(c) **Forms and Procedures**

Workers' compensation processing shall be consistent with City procedures and in accordance with state workers' compensation regulations. Any employee who sustains a work-related injury or illness shall immediately inform his/her supervisor no matter how minor an on-the-job injury may appear. An employee who sustains a work-related injury or illness is required to seek medical care at facilities designated by the City unless they have filed a pre-designation of personal physician prior to sustaining the work-related injury or illness. ~~Salary Continuation approval will follow the same procedure as for sick leave approval. Salary Continuation payments will be contingent on the City's acceptance of the injury as compensable under Workers' Compensation Law.~~ **For a list of City designated medical care facilities and/or physicians, please contact Human Resources**.

~~If an employee exhausts all salary continuation benefits and temporary disability payments in accordance with this Article, the employee may request a Leave of Absence Without Pay pursuant to Article 0, not to exceed a total of twelve (12) months for the entire period of absence from active duty.~~

11.5 Leave of Absence Without Pay

(a) **Entitlement**

Employees shall not be entitled to Leave of Absence Without Pay as a matter of right, but only upon the determination of the City that it is in the best interest of public service and that there is a presumption that the employee intends to return to work upon the expiration of the leave of absence. The granting of a leave of absence provides the employee the right to return to the position vacated.

(b) **Approval**

All leave without pay must be recommended by the department head and approved by the Director of Human Resources. No such leave may extend beyond twelve (12) months, except in the case of absence due to job incurred disability where a determination may be made based upon the needs of public service or in the event an application for service connected disability retirement has been filed.

Leaves of absence without pay may only be approved following the expiration of entitlement of sick leave and vacation.

(c) An employee on a Leave of Absence Without Pay has an option to participate in the Health benefits by monthly prepayment of the required premium to the City.

(d) **Maternity/Pregnancy/Paternal/Adoption Leave**

~~Upon verification of a newborn, adoption of a newborn or preschooler, an employee shall be granted a six (6) week leave of absence, without pay, upon request~~. **Family medical leave shall be in accordance with the Family Medical Leave Act ("FMLA") of 1993, the California Family Rights Act ("CFRA"), or Pregnancy Disability Leave ("PDL") and/or other applicable state and federal laws.** An employee may combine, but shall not be required to combine, any paid leave time with unpaid leave. ~~In no circumstance may such leave exceed a total of six (6) weeks, unless otherwise approved by the employee's department head and Director of Human Resources.~~

11.6 Absence Without Official Leave (AWOL)

(a) **Refusal of Leave or Failure to Return After Leave**

Failure to report for duty or failure to report for duty after a leave of absence request has been disapproved, revoked or cancelled, or at the expiration of a leave, shall be considered an Absence Without Official Leave.

(b) **Voluntary Resignation**

Any employee in this bargaining unit absent without official leave for two (2) or more consecutive days or absent an aggregate of sixteen (16) hours in any calendar month without a satisfactory explanation shall be deemed to have voluntarily resigned from the City of Stockton. An employee must provide a written statement to the Human Resources Department regarding a "satisfactory explanation," within ten (10) calendar days after the City mails a notice of voluntary resignation to the employee's last known address.

ARTICLE 12. DAYS AND HOURS OF WORK

12.1 Workweek

(a) The normal workweek for employees in this unit consists of five (5) consecutive eight (8) hour days for a total of forty (40) hours in a seven (7) day work period. Where operational requirements of a department require deviations from the present schedule, the department head with approval of the Director of Human Resources may institute alternate work schedules provided that such schedules conform to work period requirements of Fair Labor Standards Act and the City meets and confers with the Association concerning the proposed schedule change(s) before implementation.

(b) Employees occupying part-time positions shall work such hours and schedules as the department head shall prescribe.

(c) Telecommunications personnel assigned to the Fire Department will work an average of fifty-six (56) hours in a seven (7) day work period.

(d) Asparagus Festival Work Schedule. Employees assigned to work at City facilities within the designated "footprint area" of the Asparagus Festival may work any of the following work schedules during the Asparagus Festival:

(1) Option 1: Baseline Work Schedule.

Monday	Tuesday	Wednesday	Thursday	Friday
7:30am-5:30pm	7:30am-5:30pm	7:30am-5:30pm	7:30am-5:30pm	7:30am-11:30am OR 8:00am-12:00pm
9-hours paid time 1-hour unpaid	9-hours paid time 1-hour unpaid	9-hours paid time 1-hour unpaid	9-hours paid time 1-hour unpaid	4-hours paid time

Monday	Tuesday	Wednesday	Thursday	Friday
8:00am-5:30pm	8:00am-5:30pm	8:00am-5:30pm	8:00am-5:30pm	7:30am-11:30am OR 8:00am-12:00pm
9-hours paid time 1/2-hour unpaid	9-hours paid time 1/2-hour unpaid	9-hours paid time 1/2-hour unpaid	9-hours paid time 1/2-hour unpaid	4-hours paid time

(2) Option 2: Four Tens Work Schedule with Friday off.

Monday	Tuesday	Wednesday	Thursday	Friday
7:00am-6:00pm OR 8:00am-7:00pm	7:00am-6:00pm OR 8:00am-7:00pm	7:00am-6:00pm OR 8:00am-7:00pm	7:00am-6:00pm OR 8:00am-7:00pm	**OFF DAY**
10-hours paid time 1-hour unpaid	10-hours paid time 1-hour unpaid	10-hours paid time 1-hour unpaid	10-hours paid time 1-hour unpaid	0

Monday	Tuesday	Wednesday	Thursday	Friday
7:00am-5:30pm OR 8:00am-6:30pm	7:00am-5:30pm OR 8:00am-6:30pm	7:00am-5:30pm OR	7:00am-5:30pm OR	**OFF DAY**

		8:00am-6:30pm	8:00am-6:30pm	
10-hours paid time 1/2-hour unpaid	10-hours paid time 1/2-hour unpaid	10-hours paid time 1/2-hour unpaid	10-hours paid time 1/2-hour unpaid	0

(3) **Option 3: Vacation or Compensatory Time.** The department head or designee may approve the use of vacation leave or compensatory time, and/or may approve any additional alternative schedule to formulate an acceptable 40-hour work schedule.

(4) Employee preferences among the above approved scheduling options during the Asparagus Festival will be considered and accommodated by the City unless infeasible. Employees must notify their department heads of their scheduling preferences through their line of supervision.

12.2 Meal Periods and Rest Periods

Employees shall receive a one (1) hour or a thirty (30) minute meal period without pay each day and a fifteen (15) minute paid rest period during the first half of the work day and a second fifteen (15) minute paid rest period during the second half of the work day. Except for Police Telecommunicators and Fire Telecommunicators, bargaining unit employees shall be completely relieved of duty during unpaid meal periods. Employees who exceed the time limits prescribed above for lunch and/or rest periods shall have their pay reduced accordingly.

12.3 Hourly Employees

(a) Effective the date of this Memorandum of Understanding, those employees working 19½ hours a week or less (substitutes), may only work a total of 1,014 hours or less during any twelve (12) month period.

(b) The Association will be provided with a listing of all 19½ hours or less employees related to classifications within this bargaining unit. This listing will be provided quarterly.

(c) Overtime will not be worked by 19½ hour or less employees (substitutes), if full-time or regular part-time employees are available for such overtime work.

12.4 Regular Part-Time Employees

(a) Regular part-time employees (those employees regularly scheduled to work 20 hours or more per week) will be provided prorated sick leave and vacation benefits according to existing practice; will be eligible to participate in health and welfare benefits on a prorated basis according to provisions of this Memorandum of Understanding and will receive merit increases based upon the proration of time worked to the total hours in a full year of employment.

(b) The City will not employ hourly personnel in order to reduce the number of regular part-time employees which existed at the execution of this Memorandum of Understanding.

12.5 Job Sharing

(a) Any two regular full-time employees within the same department holding positions in the same classification may petition their department head in writing to allow them to share one (1) of said positions.

(b) The approval of a job share position shall be at the sole discretion of the City and must be approved in writing by the Director of Human Resources prior to implementation. The entrance into and termination of such job sharing shall be at the sole discretion of the City.

(c) Employees who request and have approved job sharing arrangements shall be entitled to the rights and benefits which accrue to regular part-time employees.

12.6 Reporting to Work

(a) Repeated failure to report to work on time may result in appropriate discipline as set forth below:

(1) For the first time in a six (6) month period, a Memorandum of Discussion.

(2) For the second time within a six (6) month period, a Letter of Reprimand.

(3) For any subsequent time within a six (6) month period, suspension from work; or at any time four (4) or more incidents occur within a six (6) month period, the employee may be discharged.

(b) If an employee reports to the worksite after the designated starting time, the employee will be paid only for time actually worked; however, the employee may be allowed to utilize vacation leave for lost pay, provided the employee's supervisor approves.

(c) Any Memorandum of Discussion or Letter of Reprimand regarding tardiness which is more than six (6) months old, will be automatically sealed and can only be reopened upon court order.

12.7 Shift Bidding

(a) Employees in the Police Department who work on a twenty-four (24) hour shift schedule shall be allowed to bid on shift preference on the basis of seniority within class. The shift selected in this manner shall remain in effect for twelve (12) months, except in cases of emergency or work load requirements.

12.8 Work Furloughs

(a) 48 Furlough Hours in Fiscal Years 2012-2013 and 2013-2014. Each employee, except Fire Telecommunicators and Police Telecommunicators, shall be required to take forty-eight (48) furlough hours (leave from work without pay) between July 1, 2012 and June 30, 2013 and again between July 1, 2013 and June 30, 2014.

~~(a) **80 Furlough Hours in Fiscal Year 2008-2009.** Each bargaining unit employee shall take eighty (80) furlough hours (leave from work without pay) between October 22, 2008, and June 30, 2009.~~

(b) Equalized Payroll Deductions. Payroll deductions for the forty-eight (48) furlough hours in Fiscal Years 2012-2013 and 2013-2014 shall be equalized so that each bargaining unit employee shall have two (2) hours at the employee's regular hourly rate of pay deducted from each of the twenty-four (24) pay warrants in Fiscal Year 2012-2013 and Fiscal Year 2013-2014. The City shall publish and provide the citywide Furlough Schedule in June 2012 for the fiscal year 2012-2013 and June 2013 for the fiscal year 2013-2014.

(b) **Equalized Payroll Deductions.** Payroll deductions for the eighty (80) furlough hours described in Article 12.8, paragraph (a) herein above shall be equalized so that each bargaining unit employee shall have 4.444 hours at the employee's regular hourly rate of pay deducted from each of the following eighteen (18) pay warrants: October 22, 2008; November 7, 2008; November 22, 2008; December 7, 2008; December 22, 2008; January 7, 2009; January 22, 2009; February 7, 2009; February 22, 2009; March 7, 2009; March 22, 2009; April 7, 2009; April 22, 2009; May 7, 2009; May 22, 2009; June 7, 2009; June 22, 2009; and July 7, 2009.

(c) **Standard Furlough Days.** Except as provided in Article 12.8(d) herein below, each bargaining unit employee shall take the following furlough days:

(1) Monday, November 10, 2008 (8 hours);

(2) Monday, November 24, 2008 (8 hours);

(3) Tuesday, November 25, 2008 (8 hours);

(4) Wednesday, November 26, 2008 (8 hours);

(5) Wednesday, December 24, 2008 (8 hours);

(6) Friday, December 26, 2008 (8 hours);

(7) Monday, December 29, 2008 (8 hours);

(8) Tuesday, December 30, 2008 (8 hours);

(9) Wednesday, December 31, 2008 (8 hours); and

(10) Friday, January 2, 2009 (8 hours).

(c) **Exception to Standard Furlough Days for Some Employees.** Bargaining unit employees shall adhere to the standard work furlough days shown in **the citywide Furlough Calendar** ~~Article 12.8(c) herein above~~; except where it is impracticable for certain City departments or operations (~~such as Police Telecommunicators, Fire Telecommunicators, and other public safety and essential services functions~~), those employees must schedule ~~eighty (80)~~ furlough hours **with his/her manager or supervisor** ~~accordance with Article 11.1, paragraph (b), of this Memorandum, and use eighty (80)~~ furlough hours no later than June 30,**of each corresponding year** ~~2009. In the event the vacation scheduling of eighty (80) furlough hours causes any SCEA represented member to exceed the maximum vacation carryover provisions pursuant to Article 11.1, paragraph (a)(6), of this Memorandum, such bargaining unit employee shall be allowed to carryover into the 2009 calendar year the equivalent number of vacation hours not used as a result of the furlough occurrence to ensure that the bargaining unit employee is not adversely affected. To the extent any bargaining unit employee exceeds the maximum carryover provisions of Article 11.1, paragraph (a)(6), of this Memorandum for the 2010 calendar year, such hours shall be automatically cashed out on an hour-for-hour basis at the end of the 2010 calendar year.~~

(d) If a furlough (leave from work without pay) is scheduled before or after a City holiday, the employee will nevertheless be eligible for holiday pay.

(e) **No Adverse Affect on CalPERS.** The City represents and warrants based on information provided by the California Public Employees Retirement System (CalPERS) that the furlough deductions described in this Article 12.8 shall not reduce or otherwise adversely affect the employee's Final Compensation for retirement purposes under the CalPERS. The City shall continue to report the employee's full-time pay rate as noted in the agreed upon salary schedule(s). SCEA has relied on the accuracy of this representation by the City with the City's knowledge and consent. As an express condition of this Section, should any SCEA represented employee suffer a reduction or adverse affect in his or her Final Compensation for retirement purposes through CalPERS solely as a result of the furlough deductions, the City, upon notification, shall thoroughly review and communicate the adverse affect to CalPERS, on behalf of the employee, to ensure the employee is made whole.

(f) **Furlough Deductions Non-Taxable to the Employee.** The City represents and warrants that the furlough deductions described in this Article 12.8 shall not be subject to income tax, payroll tax, or otherwise taxable to the employee. SCEA has relied on this representation by the City with the City's knowledge and consent. As an express condition of this Section, should any SCEA represented employee be taxed on any furlough deduction amount, the City, upon notification, shall thoroughly review and make the appropriate correction.

(g) **Use of Accrued Leaves in Coordination with Furloughs.** Bargaining unit employees shall be permitted to use accrued vacation leave, sick leave, and/or compensatory time off (CTO) on non-furlough days by reason of the occurrence of furloughs. Employees shall be permitted to coordinate the use of their accrued vacation leave, sick leave, and/or compensatory time off (CTO) on a coordinated basis (e.g. adjacent to) furlough days unless approval of such leave creates an undue hardship on the City.

(h) **Fringe Benefits Not Affected.** Notwithstanding the occurrence of furloughs, SCEA members shall continue to receive the full amount and application of all fringe benefits including, without limitation and by way of illustration, City contribution to health and welfare benefits, accrued vacation leave, accrued sick leave, etc.

(i) **SCEA Bargaining Unit Overtime.** Any vacancies created for SCEA represented positions shall not be filled on an overtime basis (time-and-a-half) by any non-SCEA represented employee. For example, Stockton Police Officers Association and/or Stockton Police Management Association represented employees shall not be hired on an overtime basis to backfill Police Telecommunicator I/II vacancies in the Police Department's telecommunications center. As another example, Local 456 and/or Stockton Fire Management represented employees will not be hired on an overtime basis to backfill Fire Telecommunicator I/II vacancies. As another example, Operating Engineers Local Union No. 3 and/or B&C Management represented employees and/or unrepresented employees shall not be hired on an overtime basis to backfill any SCEA represented employee vacancies. Instead, those overtime opportunities will be offered to SCEA-represented employees. The foregoing examples are illustrative and not exhaustive. If the City does hire an employee not represented by SCEA to perform work in SCEA's bargaining unit(s) on an overtime basis, then the City shall, as a remedy, pay the SCEA-represented employee(s) deprived of that lost overtime opportunity the monetary value of the lost overtime.

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(j) Separation from City Service before July 7, 2013 Any B&C represented employee who separates from City service before the final 2 hour furlough deduction on July 7, 2013, and after having used furlough hours shall have his or her final compensation reduced by the sum of the number of furlough hours the employee has actually used minus the number of furlough hours actually deducted from the employee's pay warrants multiplied by the employee's regular rate of pay. Conversely, any employee who separates from City service before July 7, 2013, having suffered furlough deductions in excess of the actual number of furlough hours the employee has used shall have his or her final compensation credited by a like amount.

~~(k) **Separation from City Service before July 7, 2009.** Any SCEA represented employee who separates from City service before the final 4.444 hour furlough deduction on July 7, 2009, and after having used furlough hours shall have his or her final compensation reduced by the sum of the number of furlough hours the employee has actually used minus the number of furlough hours actually deducted from the employee's pay warrants multiplied by the employee's regular hourly rate of pay. Conversely, any employee who separates from City service before July 7, 2009, having suffered furlough deductions in excess of the actual number of furlough hours the employee has used shall have his or her final compensation credited by a like amount.~~

~~(l) **Up to 96 Furlough Hours in Fiscal Year 2009-2010.** Each bargaining unit employee shall be required to take up to ninety-six (96) furlough hours (leave from work without pay) between approximately July 1, 2009, and June 30, 2010, in the event that growth assumptions for City revenues are 2.5% or less. Payroll deductions for the ninety-six (96) furlough hours in Fiscal Year 2009-2010, if implemented, shall be equalized in the same manner as furlough deductions for Fiscal Year 2008-09 so that each bargaining unit employee shall have up to 4 hours at the employee's regular hourly rate of pay deducted from each of the twenty-four (24) pay warrants in Fiscal Year 2009-2010. The City and the Association shall meet and confer to develop the furlough calendar for Fiscal Year 2009-2010.~~

(m) **Up to 96 Furlough Hours in Fiscal Year 2010-2011. Each bargaining unit employee, except Fire Telecommunicators and Police Telecommunicators, shall be required to take ninety-six (96) furlough hours (leave from work without pay) between July 1, 2010, and June 30, 2011. Payroll deductions for the ninety-six (96) furlough hours in Fiscal Year 2010-2011 shall be equalized in the same manner as furlough deductions for Fiscal Year 2009-2010 so that each bargaining unit employee shall have up to 4 hours at the employee's regular hourly rate of pay deducted from each of the twenty-four (24) pay warrants in Fiscal Year 2010-2011. The City and the Association shall meet and confer to develop the furlough calendar for Fiscal Year 2010-2011.**

[ADDED from 2010 SIDELETTER]

(n) **Separation from City Service before July 7, 2011. Any SCEA represented employee who separates from City serice before the final 4 hour furlough deduction on July 7, 2011, and after having used furlough hours shall have his or her final compensation reduced by the sum of the number of furlough hours the employee has actually used minus the number of furlough hours actually deducted from the employee's pay warrants multiplied by the employee's regular hourly rate of pay. Conversely, any employee who separates from City service before July 7, 2011, having suffered furlough deductions in excess of the actual number of furlough hours the employee has used shall have his or her final compensation credited by a like amount.**

[ADDED from 2010 SIDELETTER]

(o) **96 Furlough Hours in Fiscal Year 2011-2012. Each employee, except Fire Telecommunicators and Police Telecommunicators, shall be required to take ninety-six (96) furlough hours (leave form work without pay) between July 1, 2011 and June 30, 2012. Payroll deductions for the ninety-six (96) furlough hours in Fiscal Year 2011-2012 shall be equalized in the same manner as furlough deductions for Fiscal years 2009-2010 and 2010-2011, so that each bargaining unit employee shall have 4 hours at the employee's regular hourly rate of pay deducted from each of the twenty-four (24) pay warrants in Fiscal Year 2011-2012. The City and SCEA shall meet and confer to develop the furlough calendar for Fiscal Year 2011-2012, which will be substantially the same as Fiscal Year 2010-2011.**

[Added from Emergency Measures]

~~(p) Separation from City Service before July 7, 2012 . Any SCEA represented employee who separates from City service before the final 4 hour furlough deduction on July 7, 2012, and after having used furlough hours shall have his or her final compensation reduced by the sum of the number of furlough hours the employee has actually used minus the number of furlough hours actually deducted from the employee's pay warrants multiplied by the employee's regular hourly rate of pay. Conversely, any employee who separates from City service before July 7, 2012, having suffered furlough deductions in excess of the actual number of furlough hours the employee has used shall have his or her final compensation credited by a like amount.~~

~~[Added from Emergency Measures]~~

ARTICLE 13. OVERTIME

13.1 Overtime Authorization

All compensable overtime must be authorized by the department head or his designated representative in advance of the overtime being worked. If prior authorization is not feasible because of emergency conditions a confirming authorization must be made on the next regular working day following the date on which the overtime was worked.

13.2 Definition

The following provisions pertaining to authorized statutorily required overtime work shall apply to non FLSA exempt employees whose normal work period is eight (8) hours per day and forty (40) hours per week, or (10) hours per day and forty (40) hours per week:

(a) **Statutory overtime shall be paid on actual time worked in excess of forty (40) hours in any workweek. Such overtime shall be paid for at time and one-half (1-1/2) including employees employed on a per hour or per day basis or except as provided elsewhere herein. Furlough hours shall be considered as actual time. Sick leave, vacation, holiday, or other time taken as compensated time off shall not be considered as actual time worked.** ~~The overtime rate as used in this Memorandum of Understanding means one and one-half (1½) times the employee's regular rate of pay~~.

(b) Except Fire Telecommunicators assigned to a 56-hour workweek and bargaining unit employees working an alternative work schedule, all time worked in excess of 8 hours per workday and/or 40 hours per seven day workweek shall be compensated at the overtime rate.

(c) Fire Telecommunicators work 24 hour shifts, resulting in a regular schedule averaging 2912 hours per year / 56 hours per week (832 hours of overtime). In approximately 2000, the parties agreed to add the regularly scheduled FLSA overtime pay into the base, in order to ensure a regular and level payment of overtime over the course of a year. This methodology withstood a legal challenge in *Huges, et al. vs. City of Stockton, et al*. For additional overtime hours, the City shall pay overtime at one and one-half (1 ½) time the employee's regular rate of pay for all hours worked over forty (40) in a workweek.

(d) Bargaining unit employees assigned to an alternate work schedule (e.g. 4/10, 9/80, etc.) shall be compensated at the overtime rate for all time worked in excess of their regularly scheduled hours.

(e) Except as otherwise provided in Article 14.2, bargaining unit employees shall be paid for a regular day plus time and one-half (1½) for actual time worked on a holiday observed by the City~~, not to exceed eight (8) hours including employees employed on a per-hour or per-day basis~~.

~~(f) Except as otherwise provided in Article 14.2, any time worked on a holiday observed by the City in excess of eight (8) hours shall be paid for at double time and one-half (2½) except for employees on a per hour or per day basis.~~

(g) Police Telecommunicators and Fire Telecommunicators shall be compensated for work on holidays as set forth in Article 14.2.

(h) When the City Manager has declared a state of emergency and such action is approved by the City Council, time worked by employees shall be paid for at their straight time. Work in excess of forty (40) hours in any workweek will be paid at time and one-half (1½).

(i) ~~Use of vacation leave, sick leave, and other paid leaves shall count as time worked.~~

13.3 Rest Period During Overtime

After each three (3) hour segment of overtime contiguous to a regular shift, an employee shall be granted a fifteen (15) minute paid rest period.

13.4 Compensatory Time Off (CTO)

(a) Definition

As used in this Memorandum of Understanding, the term Compensatory Time Off (CTO) refers to that time which an employee is entitled to be absent from duty with pay for time worked in addition to or excess of their normal work schedule.

(b) CTO in Lieu of Overtime Compensation

Except Fire Telecommunicators assigned to a 56-hour workweek, bargaining unit employees may voluntarily elect to receive overtime compensation in the form of CTO at a rate of one and one-half (1½) hours of CTO for each hour of overtime worked.

(c) Use

Use of CTO shall be scheduled with due consideration for the wishes of the employee and so as to not interfere with the normal operation of City business. Approval of requests for use of CTO shall be at the sole discretion of the department head, but once approved, cannot be changed unless an emergency situation arises.

(d) **Maximum Accrual**

No more than eighty (80) hours of CTO may be carried on the books at any time, except Fire Telecommunicators assigned to a 56-hour workweek who may not accrue CTO. Once the maximum number of CTO is accrued, all further overtime worked shall automatically be paid to the employee. At the end of each calendar year, all CTO will be carried forward, unless the employee elects to have some or all of the compensatory balance paid. Carryover CTO Time cannot exceed the CTO accrual maximum.

(e) **Elimination of CTO for Fire Telecommunicators**

Effective January 1, 2009, Fire Telecommunicators assigned to a 56-hour workweek shall no longer accrue or use CTO and shall be paid at their regular rate of pay for all accrued and unused CTO hours on or about January 7, 2009; provided, however, any Fire Telecommunicator having any approved leave request(s) for CTO for time off work through January 31, 2009, shall be permitted to use the approved CTO leave.

ARTICLE 14. HOLIDAYS

14.1 Qualifying for Holiday Pay

All regular employees, ~~excluding provisional and temporary employees and employees in positions allocated to the Police Department who are assigned to shifts (phase days)~~ shall be entitled to take all authorized holidays on full pay not to exceed eight (8) hours for any one (1) holiday.

14.2 Holidays Observed by the City

(a) Bargaining unit employees shall receive the following observed holidays off without loss of wages or accrued leave:

Observed	Holiday
(1) January 1	New Year's Day
(2) Third Monday in January	Martin Luther King, Jr.'s Birthday
(3) Second Monday in February	Lincoln's Birthday
(4) Third Monday in February	Washington's Birthday
(5) March 31 (FLOATING)	Cesar Chavez Day
(6) Last Monday in May	Memorial Day
(7) July 4	Independence Day
(8) First Monday in September	Labor Day
(9) Second Monday in October	Columbus Day
(10) November 11	Veteran's Day
(11) Fourth Thursday in November	Thanksgiving
(12) The Friday after Thanksgiving	
(13) December 25	Christmas Day
~~(14) Employee's Birthday~~	

FLOATING holiday to be taken within 90 work days on or after the observed holiday.

~~(b) In addition, a day appointed by the President or Governor as a public holiday shall be observed by the City.~~

(c) All regular employees in positions allocated to the Police Department who are assigned to shifts (phase days) shall receive, in addition to their normal compensation, one day's pay for each of the holidays listed in Article 0 above, on which the employee does not work, ~~except for the employee's birthday~~. Such employees required to work a holiday on a hire-back basis, shall be compensated at time and one-half (1½), in addition to their normal compensation (8 hours) and paid holiday (8 hours). Such employees required to work a holiday on a regularly scheduled basis shall be compensated at time and one-half (1½) overtime in addition to their normal compensation (8 hours). The maximum additional compensation subject to CalPERS for working the holiday will be sixteen (16) hours.

~~(d) For employees in the Police Department on a 4/10 work schedule, a holiday will be worth ten (10) hours for the purposes of compensation, until such time the City, in its sole discretion, determines that it is worth eight (8) hours. (Effective January 1, 1989)~~

(e) Fire Telecommunicators assigned to a 56-hour workweek shall receive, in addition to their normal compensation, one 8-hour ~~24-hour~~ shift's pay for each of the holidays listed in Article 14.2 above ~~at the rate of 28 hours per month regardless of whether the Fire Telecommunicator actually works on any or all of the listed holidays~~. Additionally, Fire Telecommunicators shall be compensated at the overtime rate for all time actually worked on a holiday (excluding the ~~birthday holiday and~~ floating holiday(s)). ~~The provisions of this Article 14.2(e) shall be effective January 1, 2009.~~

(f) For employees on a Monday through Friday workweek, if holidays fall on a Sunday, the following Monday shall be observed. If holidays fall on Saturday, the preceding Friday shall be observed.

(g) For employees in the Police Department on a twenty-four (24) hour shift schedule, holidays that fall on Saturday or Sunday shall be observed on Saturday or Sunday respectively.

(h) ~~Birthday Holiday Leave~~**Fixed Holidays for Library Service Division Employees**

~~The department head with due consideration for the wishes of the employee, may authorize the Employee's Birthday holiday to be taken within ninety (90) work days on or after the employee's date of birth.~~ **All regular employees in positions allocated in the Library Services Division of the Community Services Department shall be allowed to take "fixed holidays" observed by the City, listed under Article 14.2(a) of this Memorandum of Understanding, that occur on a Monday as a "floating holiday." The day off must be scheduled with a supervisor and taken within fourteen (14) calendar days on or after the date of the fixed holiday.**

[ADDED from 11/4/2010 Sideletter]

(i) When an employee is separated from the service between February 17, 2012 and July 1, 2014, the employee's remaining holiday allowance, if any, shall be paid as follows:

(a) Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated holiday hours.

(b) On the one year anniversary of employee's separation, he/shall shall receive the second payment of one third (1/3) or $10,000, whichever is greater of the balance of his/her unused accumulated holiday hours.

(c) On the second year anniversary of employee's separation he/she shall receive payment for the balance of the unpaid accumulated holiday hours.

(d) Employees who are involuntarily separated shall have their remaining holiday allowance, if any, added to his/her final compensation.

14.3 Compensation for Holidays Worked

Prior approval for holiday work must be secured from the City Manager.

ARTICLE 15. COMPENSATION AND ALLOWANCES OTHER THAN BASE SALARY

15.1 Retirement Contribution Supplement

(a) ~~The City shall continue to pay on behalf of the~~**Effective August 1, 2011, e**mployee **shall pay** the entire seven percent (7%) employee contribution to the California Public Employees Retirement System (CalPERS). ~~Such amounts will be applied to the employee's individual account in accordance with California Government Code Section 20615~~.

(b) **For Employees hired on or before June 30, 2011, ~~T~~t**he City's CalPERS retirement plan was modified to reflect two percent (2%) at age 55, effective January 1993. **Effective on July 1, 2011, or as soon as administratively feasible, the City of Stockton shall amend its contract with CalPERS in order to provide a second-tier CalPERS retirement plan with the 2% at 60 formula for all employees hired thereafter in all applicable classifications within the SCEA unit, without inclusion of the additional benefits in sections (c), (d), (e), (f) and (g).**

(c) **For Employees hired on or before June 30, 2011, ~~T~~t**he City's CalPERS retirement plan was modified to reflect Section 20930.3 (Military Service Credit as Public Service) and Section 20930.33 (Military Service Credit for Retired Persons) of the California Government Code, pursuant to Ordinance Number 009-93 adopted by the City Council on May 13, 1993.

(d) **For Employees hired on or before June 30, 2011, ~~T~~t**he City shall continue to provide CalPERS California Government Code Section 20615.5 (Employer Paid Member Contributions as Compensation) at the beginning of their last year of employment will pay their employees' seven percent (7%) benefit cost through an automatic payroll deduction. The base salary for those employees will be increased by the same seven percent (7%) for the last twelve (12) months of employment (IRS Code 414H(2) will be concurrently implemented with CalPERS amendment), pursuant to Resolution Number 97-0394 adopted by the City Council on October 21, 1997.

(e) **For Employees hired on or before June 30, 2011, ~~T~~t**he City shall continue to provide CalPERS California Government Code Section 20965 (Credit for Unused Sick Leave) as added CalPERS benefits, pursuant to Ordinance Number 016-97 adopted by the City Council on June 23, 1997.

(f) **For Employees hired on or before June 30, 2011,** ~~T~~the City shall continue to provide CalPERS California Government Code Section 21382.5 (Fourth Level of 1959 Survivor Benefits) as added PERS benefits, pursuant to Ordinance Number 016-97 adopted by the City Council on June 23, 1997.

(g) **For Employees hired on or before June 30, 2011,** ~~T~~the City shall continue to provide CalPERS California Government Code Section 21335 (5% Annual Cost of Living Allowance Increase) as added CalPERS benefits, which was effective upon adoption by the Stockton City Council and CalPERS Administration Board. The intended implementation date base year was 2001.

~~(h) The City and the Association agree to reopen Article 15.1 in year 2011 to discuss providing an enhanced miscellaneous retirement formula to bargaining unit employees (e.g. CalPERS 2.7% at 55, 3% at 60, etc.). If the parties fail to reach agreement the existing provisions of Article 15.1 shall remain unchanged~~.

~~15.2 Deferred Compensation~~

~~(a) The City will provide at no cost to the employee, deferred compensation as a supplement to voluntary deferred compensation plans, if any, for which the individual employee may be eligible.~~

~~(b) Effective July 1, 2012, the City shall contribute a total of one and one-half percent (1.5%) of the employee's current base salary to the employee's deferred compensation account.~~

~~(c) Effective July 1, 2013, the City shall contribute an additional one-half percent (0.5%) for a total of two half percent (2.0%) of the employee's current base salary to the employee's deferred compensation account.~~

15.~~3~~4 Uniform Allowance

(a) Bargaining unit employees in the following classifications who are required to wear uniforms shall be paid an annual uniform allowance of seven hundred dollars ($700.00), one-half payable in April and one-half payable in October:

(1) Fire Telecommunicator I/II;

(2) Police Records Assistant (I/II/III); and

(3) Police Telecommunicator (I/II/III).

(b) Bargaining unit employees in the following classifications who are required to wear uniforms shall be paid an annual uniform allowance of seven hundred twenty-five dollars ($725.00), one-half payable in April and one-half payable in October:

(1) Animal Services Assistant;

(2) Animal Services Officer;

(3) Code Enforcement Officer (I/II) (assigned to the Fire Prevention Division of the Fire Department);

(4) Community Service Officer;

(5) Evidence Technician;

(6) Mail Courier;

(7) Parking Violations Deputy;

(8) Property Clerk;

(9) Senior Animal Services Officer;

(10) Senior Evidence Technician;

(11) Vehicle Abatement Specialist; and

(12) Any other bargaining unit employee required by the City to wear a uniform in the course and scope of employment.

© The City shall increase the amount contributed for annual uniform allowance to all of the above classifications in Article 15.3 (a) and (b) above by fifty dollars ($50.00) effective July 1st of each fiscal year.

15.45 Standby Duty Pay

~~A bargaining unit employee who is directed to remain available on standby outside of normal working hours (e.g. weekends, designated holidays or scheduled furlough day) or on his or her normal day off~~ **Employees assigned to standby duty** shall be paid **$3.00 per hour while assigned to be on standby. An employee shall earn time and one-half (1-1/2) for all actual time worked while on standby duty status only if eligible for overtime as defined in Section 15.4 above. An employee shall not continue to receive the "standby" premium during actual time worked, or for any hours paid as overtime or call back. Standby shall not be considered as time in "paid status because of work performed" for purposes of calculating overtime.** ~~at the rate of four (4) hours regular pay for each twenty-four (24) hours of standby plus one and one-half (1½) times the employee's regular rate of pay for all time which the employee is required to work during the standby duty period. Standby duty of less than twenty-four (24) hours shall be prorated to the equivalent of four (4) hours pay at regular time. Employees may elect to receive standby pay as compensatory time off (CTO)~~.

15.56 Call-Back Pay

When an employee is called back to work from off duty status, the employee shall be compensated for a minimum of two (2) hours and forty-five (45) minutes pay at time and one-half (1½) or actual time worked at time and one-half (1½), **if eligible for overtime as defined in Section 15.4 above,** whichever is greater. An employee may elect compensatory time off (CTO) in lieu of payment for overtime consistent with the provisions set forth in Article 13.4.

When authorized by the department, employees who are contacted and who provide remote support via telephone, Internet, or network connection shall be paid time and one-half (1½) for time worked in fifteen (15) minute intervals**, if eligible for overtime as defined in Section 15.4 above**. Intervals cannot be compounded or overlapped.

To be eligible for call-back pay, both of the following conditions must be met:

(a) The call-back must occur outside of the employee's regular work hours; including overtime.

(b) The call-back time worked must not be contiguous to the employee's regular work hours; including overtime.

(c) **An employee is ineligible to receive a premium for both standby and call back. For example, employee shall not receive standby pay for hours in which they are paid overtime or call back pay.**

15.67 Employee Educational Assistance

The City may reimburse employees for job related coursework which has been reviewed by the employee's supervisor and approved by the employee's department and the Human Resources Department.

15.78 Mileage Expense Reimbursement

The City will reimburse bargaining unit employees, at the current Internal Revenue Service rate, to all employees utilizing their personal vehicles for City business for travel, which qualifies under the City Manager's Administrative Directive (currently FIN-010), and for other related travel expenses which qualify under the City Manager's Administrative Directive (currently FIN-008).

~~15.8 Educational Incentive Pay~~

~~(a) Effective March 1, 2000, Educational Incentive Pay shall be available only to those employees who have completed twelve (12) months of continuous employment.~~

~~(b) Effective January 1, 1993, employees with degrees/diplomas above and beyond that required of their position shall be provided three percent (3%) of the top step of the position. Employees are limited to no more than three percent (3%) regardless of the number of degrees/diplomas above that required of the position. If the employee promotes to a position which matches his/her diploma/degree, the three percent (3%) will no longer be paid. Experience may not substitute for education. Other formal education/training programs may substitute for the actual degree/diploma.~~

~~(c) For employees in job classifications requiring a Masters degree, those employees who possess a double Masters shall be eligible for three percent (3%) educational incentive pay.~~

~~15.9 Longevity Pay~~

~~Effective January 1, 2002, the City shall pay each employee who completes twelve (12) continuous years of service with the City, two and one-half percent (2.5%) of the top salary step of the employee's pay range to the employee as a professional growth allowance.~~

15.~~10~~9 Voluntary Court Standby

Bargaining unit employees who voluntarily place themselves on standby for work-related court appearances shall receive one (1) hour at the regular rate of pay for the a.m. and, if required to remain on standby, one (1) additional hour at the regular rate of pay for the p.m.

15.~~11~~10 Bilingual Pay

Job positions determined by the Department Head requiring bilingual translation skills shall receive a stipend amount of $140.00 per month for verbal translation skills, or $200.00 per month for verbal and written translation skills upon testing and certification by the Human Resources Department.

15.112 Emergency Medical Services (EMS) Dispatcher Accreditation Pay

(a) The City and the Association acknowledge that California Health and Safety Code section 1797.220 directs the local emergency medical services (EMS) agency to establish policies and procedures to assure medical control of the emergency medical system.

(b) The City and the Association acknowledge that as of July 1, 2008, the San Joaquin County EMS Agency requires all employees of agencies providing emergency medical dispatch (EMD) services to possess and maintain accreditation through San Joaquin County, to include compliance with EMS Agency and National Academies of Emergency Dispatch (NAED) policies, procedures, protocol, and standards. Fire Telecommunicators are among those employees represented by the Stockton City Employees' Association who must acquire and maintain accreditation by the San Joaquin County EMS Agency as a condition of providing EMD services for the City.

(c) The City and the Association acknowledge that in the event the San Joaquin County EMS Agency rescinds the certification of any bargaining unit employee as a result of any dispute arising from the exercise of the power set forth in San Joaquin County EMS Agency Policy No. 2101 (or any successor or similar policy), the City will make every effort, insofar as practicable and fiscally responsible, to employ such persons in positions for which such employees are qualified or may become qualified within a reasonable period of time and that do not require accreditation by the San Joaquin County EMS Agency.

(d) **Emergency Medical Services (EMS) Dispatcher Accreditation Pay**. Effective January 1, 2009, the City shall compensate all bargaining unit Fire Telecommunicators who are accredited as San Joaquin County Emergency Medical Services Dispatchers an additional one-hundred seventy five dollars ($175) per month. If the employee fails to maintain the accreditation or if the accreditation is no longer required for the position, payment of the stipend shall cease.

(e) **Continuing Education for Emergency Medical Dispatchers**. The City shall provide to Fire Telecommunicators all necessary EMD continuing education during normal working hours and at no cost to the employee. However, employees who do not participate in the EMD training offered by the City during normal working hours shall be responsible to complete the necessary continuing education on their own time without additional compensation; provided, however, that all necessary ride-along hours shall be compensated as time worked.

ARTICLE 16. INSURANCE PLANS

16.1 Health, Dental, Vision, and Prescription Benefits

(a) Choice of Health Plans. Employees in this bargaining unit shall have a choice of enrolling themselves and their eligible dependents in any of the City sponsored medical, dental and vision plans. Each plan shall offer an Employee only, Employee plus One and Employee plus two or more dependants coverage. The City shall offer two or more medical plans to regular employees.

(a) (b) Eligibility. Employees shall become eligible for Medical insurance on the first day of the month subsequent to completion of thirty (30) days of continuous service with the City. Employees shall become eligible for Dental insurance on the first day of the month subsequent to completion of sixty (60) days continuous service with the City. An eligible employee and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/registered domestic partner or another eligible City employee, but not both. If an employee is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee plan (i.e., an employee and his or her dependent cannot be covered by more than one City-offered health plan).

(c) City Contribution towards the cost of insurance programs. Effective September 1, 2011:

The City shall contribute up to $481.00 per month toward the cost of the monthly premium for employee-only medical/dental/vision plan coverage.

The City shall contribute up to $875.00 per month toward the cost of the monthly premium for employee plus one dependent medical/dental/vision plan coverage.

The City shall contribute up to $1,165.00 per month toward the cost of the monthly premium for employee plus two or more dependents medical/dental/vision plan coverage.

These contributions are based on full-time employment; regular part-time employees shall receive a prorated contribution based on their percentage of full-time employment. Insurance plan premiums that exceed the City's monthly contribution shall be paid by the employee through payroll deductions. The City shall maintain its IRS 125 Plan to allow for employee contributions for medical/visions/dental to be pre-tax premium conversion.

(d) Plan Rules. Employees may insure themselves and their eligible dependents under the medical, vision and dental plans provided by the City, in accordance with the rules and regulations applicable to the selected Plan. Benefits in the Plan shall be in accordance with the Plan document.

(e) Provisional and temporary employees are not eligible for any of the above benefits.

(f) Employees agree to the implementation of the modifications to the City's Modified Plan, which is referred to in this MOU as "Modified Employee Medical Plan." Modifications to the City's Modified Plan shall be effective September 1, 2011.

~~(a) **Modified Employee Medical Plan.** The City shall continue to provide at no cost to active bargaining unit employees (including spouses/registered domestic partners and eligible dependents) hospitalization, medical, and prescription drug benefits as described in the City's of Stockton's Modified Employee Medical Plan, effective January 1, 1993, as amended on February 1, 2008, which is attached as Appendix A and incorporated by this reference.~~

~~(b) The City shall continue to provide at no cost to active bargaining unit employees (including spouses/registered domestic partners and eligible dependents) dental and orthodontic benefits through existing providers according to the plan benefits in effect at the time of the execution of this Memorandum of Understanding.~~

~~(1) The annual dental maximum benefit is one-thousand four-hundred dollars ($1,400) effective January 1, 2008.~~

~~(2) The lifetime orthodontic maximum is two-thousand dollars ($2,000) effective January 1, 1997.~~

~~(c) The City shall continue to provide at no cost to active bargaining unit employees (including spouses/registered domestic partners and eligible dependents) vision coverage through providers according to the plan benefits in effect at the time of the execution of this Memorandum of Understanding.~~

~~(d) The City and the Association shall meet and confer in calendar year 2011 to discuss Health, Dental, Vision and Prescription Benefits provided under this Article 16.1. If the parties fail to reach agreement, the existing provisions of Article 16.1 shall remain unchanged.~~

~~(e) Beginning January 1, 2009, SCEA agrees to participate in a joint labor-management committee to develop strategies to reduce the City's healthcare costs while maintaining access to quality healthcare.~~

16.2 Long Term Disability Insurance

The City shall provide, at no cost to the employee, long term disability insurance coverage. ~~Essentially, this is an income protection plan which provides disability income for employees including~~ **Plan benefits shall be as described in the Plan document, but shall include**:

(a) Each disability—66⅔ % of salary **up to the maximum salary replacement amount as specified in the City's long term disability plan**.

(b) Disability income payments shall commence ~~after the employee has utilized all sick leave benefits to which the employee is entitled or~~ after a **ninety (90)** ~~thirty (30)~~ day waiting period. **Employees may use sick leave and other leave balances to cover this waiting period, or leave without pay.** ~~whichever is longer.~~

(c) Benefit payable until age sixty-five (65).

(d) The City shall continue its normal contribution for employee medical premiums during the ninety (90) days waiting period.

16.3 Life Insurance

Effective July 1, 2012, ~~T~~ **t**he City shall provide, at no cost to the employee, a term life insurance policy **with a value of $50,000.** ~~, to one and one-half (1-1/2) times the employee's annual salary~~.

16.4 **Retirement Medical Allowance for Bargaining Unit Hired on or Before June 30, 2011~~Employees Hired Prior to January 1, 2009~~**

~~The City shall continue to contribute all premiums necessary~~ **~~under the City's Modified Plan, which includes changes to the City's Modified Plan effective September 1, 2011,~~** ~~for the purpose of providing hospital-medical and prescription benefits for each current City employee hired before January 1, 2009, who thereafter retires. Such coverage shall include one (1) dependent and shall be determined as follows:~~

~~[ADDED BY EMERGENCY MEASURES]~~

~~(1) Normal Service Retirement. Eligibility for the allowance provided by this Article is limited to employees who are retired subsequent to March 1, 2000, with fifteen (15) years of City service and who have retired at age fifty (50) or later. Such allowance shall terminate at age sixty-five (65).~~

~~(2) Disability Retirement. Eligibility for the allowance provided by this Article is limited to employees who have retired subsequent to March 1, 2000, and such allowance shall be limited to a maximum of fifteen (15) years or the attainment of age sixty-five (65), whichever occurs first.~~

a. **Eligibility: An eligible retiree and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/registered domestic partner or another eligible City employee/retiree, but not both. If an employee/retiree is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee or retiree's plan (i.e., a retiree and his or her dependent cannot be covered by more than one City-offered health plan).**

b. **City Contribution for the period of July 1, 2012 through June 30, 2013. For employees hired on or before June 30, 2011, the City shall provide to employees retiring from the City the following contribution towards the costs of retiree medical insurance from July 1, 2012 through June 30, 2013.**

   a) **Employees retiring with over 10 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $150 a month towards the cost of retiree medical insurance.**
   b) **Employees retiring with over 20 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $300 a month towards the cost of retiree medical insurance.**

c) Employees retiring with over 30 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $450 a month towards the cost of retiree medical insurance
d) Employees with less than 10 years of service for the City shall not be eligibility for a city contribution towards retiree medical and may not be enrolled in the City sponsored plans.
e) Benefits for part time employees who retire are prorated based on their full time equivalent.
f) The City contributions shall end with the death of the retiree and no survivor benefits are provided.
g) Retirees who are enrolled in city-sponsored plans may not enroll their eligible dependents at their own expense.

The City's obligation for retiree medical benefits is to the retiree and shall end upon the death of the retiree. Surviving spouses shall not be eligible for any city paid benefit after the death of the city retiree. Any benefits previously paid to surviving spouses has been paid in error and without the approval of the City Council.

Effective June 30, 2013, the City shall no longer provide a contribution towards the cost of retiree medical insurance for current employees (future retirees) and current retirees. Retirees shall not be eligible to participate in the City's Medical Plans.

16.5 Alternative Retirement Medical Plans

The parties have negotiated that employees may choose to enroll in one or more additional health plans instead of the City Modified Plan (including but not limited to Kaiser Senior Advantage).

This language sets forth the conditions in which current employees, when they retire from the City and otherwise qualify for a retiree medical benefit from the City as stated in Sections 14.1 of this MOU, may also choose to enroll in City sponsored alternative plans in the same manner as when they were employees, as well as retiree only medical plans. The following conditions shall apply:

(a) If an employee is in a City sponsored alternative plan at the time of retirement, the employee shall be allowed to continue in that Plan.

Employees in the union sponsored plans authorized by the City at the time of retirement shall be allowed to continue in that Plan. (Operating Engineers units).

(b) Employees not in an alternative Plan at the time of retirement shall not be allowed to enroll in any alternative plan except that; any retiree may voluntarily enroll in a City sponsored retiree only Plan.

A retiree may only enroll in alternative plans other than the City Modified Plan when:

(a) The retiree selecting plans other than the City's Modified Plan must agree that the City's financial contribution to a premium payment for any other Plan shall not exceed the current contribution amount the City would pay if the retiree is enrolled in the City Modified Plan, and

(b) The individual retirees will be required to sign a form that indicates their agreement with these conditions.

The City reserves the right to eliminate these additional plans and the choice of multiple plans is not a vested right. Like the City Modified Plan, the City reserves the right to make plan design changes as necessary in these Alternative Plans.

16.6 Medicare Supplemental Coverage Requirements only for Employees Hired on or Before June 31, 2011.

The City reserves the right to terminate reimbursement payments for Part A Medicare coverage, in which event the retiree will receive the City's modified medical plan which includes medical design changes effective September 1, 2011 as the primary health coverage, with the premiums for such coverage to be paid by the City. The coverage provided pursuant to this section shall apply to the retiree and his/her spouse

Under the federal Health Care Reform Plan, sponsors may modify the medical benefits provided to retirees only. The City will modify its retiree health care plan to reflect the following:

(a) Return Plan benefits for Acupuncture to 12 visits per year (instead of unlimited) and returns the payment percentage paid to 60% (instead of 80%);

(b) Return Plan benefits for Alcohol and Drug Treatment admissions to 30 days and 3 lifetime admissions (instead of unlimited);

(c) Return Plan benefits for Outpatient Mental Health or Nervous Disorder services to 15 visit maximum (instead of unlimited);

(d) Change Plan benefits for Preventative care and wellness to 80% instead of current 100%;

(e) Return Plan benefits on the lifetime cap on plan benefits to $2.5 million (instead of unlimited);

(f) Return Plan benefits on the maximum age of dependent children to be enrolled in the Plan to age 19 unmarried, and not serving in the armed forces to 23 if attending school full time and qualifies as a dependent for federal income tax purposes.(instead of age 26); and

(g) Change Plan benefits for Emergency room benefits.

16.7 Elimination of Retiree Medical Benefits for Unit Members Hired on or after July 1, 2011

The City will not provide a retiree medical allowance, retiree medical supplement, a defined contribution, a retiree medical trust or any other retiree medical benefit for employees in this unit hired on or after July 1, 2011.

16.5 ~~Retirement Medical Supplement for Bargaining Unit Employees Hired Prior to January 1, 2009~~

~~Bargaining unit employees hired before January 1, 2009, and retiring on or after January 1, 1997, who are eligible for retirement medical allowance under Article 16.4, which includes one (1) dependent, will continue to be covered under the City's Modified Employee Medical Plan~~ **~~which includes changes to the City's Modified Plan effective September 1, 2011~~**~~, when they reach age sixty-five (65), as supplemental and secondary coverage to Medicare, or any other medical plan available through the employee or the employee's spouse. The affected employee shall be responsible for paying any associated costs for Medicare coverages Part A and B.~~

[ADDED BY EMERGENCY MEASURES]

16.6 ~~Defined Contribution for Retiree Medical for Bargaining Unit Employees Hired on or After January 1, 2009~~ ~~but prior to July 1, 2011.~~

~~(a) Bargaining unit employees hired on or after January 1, 2009, shall have retiree health benefits provided under a City-established defined contribution Retiree Medical Trust ("Trust").~~

~~(b) Bargaining unit employees hired on or after January 1, 2009, shall contribute three percent (3%) of their base salary to the Trust. Additionally, the City shall contribute to the Trust an amount equal to two percent (2%) of the employee's base salary. Thus, the combined total of the City and the employee contribution to the Trust shall be five percent (5%).~~

~~(c) For bargaining unit employees hired after January 1, 2009, the amount of any distribution will depend entirely on the amount of the employee and City contributions and the terms of the Trust.~~

~~(d) Bargaining unit employees hired on or after January 1, 2009, shall not be eligible for either the regular Retiree Medical Allowance (to age 65) or the Supplemental Allowance (after age 65) as set forth in Article 16.4 and Article 16.5 of this Memorandum of Understanding.~~

16.7 ~~**Retiree Medical Trust for Unit Members Hired on or After January 1, 2009 but prior to July 1, 2011.**~~

(a) ~~As soon as practicable, after January 1, 2009, the City shall establish a Retiree Medical Trust ("Trust") that will be governed by Trustees selected by the Association and the City for purposes of receiving employee and City contributions, and for paying a monthly distribution to the City's health plan to subsidize premiums on behalf of eligible retirees.~~

~~(b) The City will seek an IRS ruling so that employee and City contributions will be pre-tax, including the contribution of employee accrued sick leave pay-off. The City will also seek tax-exempt status for the Trust's earnings and the benefits paid from the Trust~~.

ARTICLE 17. SALARIES

17.1 Salary Adjustments

(a) ~~Effective on each of the following six (6) listed dates, the City shall increase the salaries of all bargaining unit employees by a percentage based on the Revenue Growth Formula of ninety percent (90%) of the actual growth from prior year in the City of Stockton's General Fund for: (1) property tax; (2) sales and use tax; (3) utility user tax; and (4) business license tax as determined by comparing the actual year-end amounts reported in the Comprehensive Annual Financial Reports (CAFRs) according to the following table; provided, however, that each salary increase shall be not less than two and one-half percent (2.5%) and not more than seven percent (7%)~~.

Date of Salary Increase	Fiscal Years Used to Determined Revenue Growth
July 1, 2009	90% of revenue growth from FY 2007-2008 compared to FY 2006-2007
July 1, 2010	~~90% of revenue growth from FY 2008-2009 compared to FY 2007-2008~~ **No salary increase on this date.** [Added from 2010 SIDELETTER]
July 1, 2011	~~90% of revenue growth from FY 2009-2010 compared to FY 2008-2009~~ **No salary increase on this date.** [Added from 2011 Emergency Resolution]
July 1, 2012	~~90% of revenue growth from FY 2010-2011compared to FY 2009-2010~~ **No salary increase on this date.**
~~July 1, 2013~~	~~90% of revenue growth from FY 2011-2012 compared to FY 2010-2011~~
~~June 30, 2014~~	~~90% of revenue growth from FY 2012-2013~~

	~~compared to FY 2011-2012~~

(b) ~~The City agrees to notify the Association of any change in accounting procedures, legislative changes, and the like, that may materially affect the determination of growth in City revenues as described in Article 17.1(a), and to negotiate with the Association an agreed-upon Revenue Growth Formula should any such change occur.~~

(c) ~~In the event the City hereafter agrees to a higher percentage than ninety percent (90%) of any index for any other employee organization or group for determination of salary adjustments, the City shall notify the Association and the higher percentage shall also apply to the Association when determining salary adjustments.~~

(d) ~~The City and the Association agree to reopen this Article 17.1 to discuss the revenue growth formula used to determined across-the-board salary increases. If the parties fail to reach an agreement on any changes that may be proposed by either party, the existing provisions of Article 17.1 shall remain unchanged.~~

17.2 Salary Upon Appointment

Except as herein otherwise provided, the entrance salary for a new employee entering the classified service shall be minimum salary for the class to which that employee is appointed. When circumstances warrant, the Director of Human Resources or Director's designee may approve an entrance salary which is more than the minimum salary for the class to which that employee is appointed. Such a salary may not be more than the maximum salary for the class to which the employee is appointed.

17.3 Salary Equivalents

Any monthly, daily or hourly rate of pay may be converted into any equivalent rate of pay or to any other time bases when such a conversion is appropriate. In determining equivalent amounts on different time bases, the City shall provide tables or regulations for the calculation of payment for service of less than full-time, and for use converting monthly salaries to hourly rates, as well as for calculating hourly rates. Overtime rate and premium pay shall be calculated according to the provisions of the Fair Labor Standards Act.

17.4 Salary Step Plan

Salary ranges for bargaining unit classifications shall consist of six (6) salary steps in each range.

(1) The first step shall be the minimum rate and shall be the normal hiring rate for the class. (In a case where a person possesses unusual qualifications, the Director of Human Resources or Director's designee may authorize appointment above the first step after receiving the recommendation of the department head. The same provision shall apply to hourly-paid and part-time employees.)

If a department head recommends withholding increases to salary steps two (2) through six (6) because an employee has not achieved the level of performance required, notice must be received by the Director of Human Resources at least four weeks in advance of the employee's eligibility date. The affected employee shall be furnished a copy of the department head's recommendation. Failure to abide by the above four week limitation shall not automatically cause a step increase to be granted; however, if an employee does not receive notice by the actual anniversary date, the increase shall be automatically granted.

(2) The second step shall be paid upon the satisfactory completion of the probationary period.

(3) The third step shall be paid upon the satisfactory completion of one year of service at the second step.

(4) The fourth step shall be paid upon the satisfactory completion of one year of service at the third step.

(5) The fifth step shall be paid upon the satisfactory completion of one year of service at the fourth step and upon written recommendation of the department head.

(6) The sixth step shall be paid upon the satisfactory completion of one year of service at the fifth step and upon written recommendation of the department head.

Regardless of an employee's length of service, step advancements in any given class may be made upon recommendation of the department head with the approval of the Director of Human Resources, but not above Step No. 6 for a given range.

Salary step increases shall be effective the first day of the pay period following appointment or revision. If the date of appointment or revision is the first day of a pay period, salary step increases shall be as of that date.

Changes in an employee's salary because of promotion, demotion, postponement of salary step increase, or special merit increase will set a new salary anniversary date for that employee, which date shall be as stated in the preceding paragraph.

Salary range adjustments for a classification will not set a new salary anniversary date for employees' serving in that classification.

17.5 Salary Step After Military Leave

All employees who have been granted military leave shall, upon their return to the City service, be entitled to the automatic salary advances within the range of their classification for the period they were in the military service.

17.6 Salary Step When Salary Range Is Increased

Whenever the monthly schedule of compensation for a class is revised, each incumbent in a position to which the revised schedule applies shall be entitled to the step in the revised range which corresponds to the employee's step held in the previous range, unless otherwise specifically provided for by the Director of Human Resources.

17.7 Salary Step After Promotion or Demotion

(a) When an employee is promoted from a position in one class to a position in a higher class, and at the time of promotion is receiving a salary equal to, or greater than the minimum rate for the higher class, that employee shall be entitled to the next step in the salary scale of the higher class which is approximately five percent (5%) above the employee's current salary, except that the next step shall not exceed the maximum salary of the higher class.

(b) When an employee is demoted, whether such demotion is voluntary or otherwise, that employee's compensation shall be adjusted to the salary prescribed for the class to which demoted.

1. If the salary of an employee is reduced for cause or disciplinary reasons, the employee shall receive the salary at the step ordered by the Appointing Authority.

2. If the salary of the employee is reduced through no fault of the employee (i.e., layoff), the employee shall be placed at the highest step in the lower salary range that does not exceed the employee's monthly salary immediately prior to the reduction.

(c) **"Y" Rate**

When an employee's classification is changed to a lower paid classification as the result of a classification study or other action, the employee may be placed on a "Y" rate. A "Y" rate means that the monthly compensation for the employee shall remain in effect until such time as further changes in the pay range of the new classification exceeds the "Y" rate.

17.8 Salary on Transfer

An employee may be transferred from a class in one department, or to a position of the same class in another department, or to a comparable class, with the approval of both the employee and department heads. In the case of a comparable class, the employee must be qualified, as determined by the Director of Human Resources. The Director of Human Resources, in making such a determination, must assure that the maximum salary rate for the classes in question are within two and one-half percent (2½ %), and shall consider, among other things, whether the employee possesses the minimum qualifications for such class, and is able to demonstrate through education, experience, or successful completion of pertinent test, that he/she is qualified for the transfer. If the transfer involves a change from the jurisdiction of one appointing authority to another, both must consent thereto.

17.9 Salary on Reinstatement

If a former employee is reinstated in the same position previously held or to one carrying a similar salary range, the salary shall not be higher than the salary at the time of employee's separation unless there has been an increase within the salary range.

17.10 Acting Pay

Any employee who is assigned in writing to work in a higher paid classification and who performs a majority of the duties of that higher position, shall receive the rate of pay at a step in the range of the higher classification which would have been received if the employee had been promoted into that classification. Such written authorization must be made by the appointing authority and must be made prior to the effective date of the acting assignment. Compensation for acting pay will be based on each full shift worked.

Time in acting status does not normally qualify an employee for future step increases.

17.11 Special Assignment Pay

The City Manager may approve additional compensation in an amount not to exceed one additional salary step for bargaining unit employees assigned for the duration of special assignment to additional duties, responsibilities or hours.

17.12 Salary Survey Implementation

The salary recommendations contained in the Fiscal Year 2008 Salary Survey shall be implemented in the following manner:

(a) Effective January 1, 2009, the City shall implement the results of the classification and compensation salary survey (Appendix B) by increasing the base salary of the affected classifications by one-half (1/2) of the dollar amount shown on Appendix B.

(b) Effective January 1, 2010, the City shall further implement the results of the classification and compensation salary survey (Appendix B) by increasing the base salary of the affected classifications by the remaining one-half (1/2) of the dollar amount shown on Appendix B.

(c) The City shall conduct a classification and compensation study based on July 1, 2011, classification and compensation data. The City shall have no obligation to implement the survey data findings. The data gathered shall be used for information and discussion purposes between the City and the Association during year 2011 reopeners concerning retirement, health care, and Revenue Growth Formula calculations.

17.13 Pay Equity Adjustments

The City recognizes that there may be a need for pay equity salary adjustments for selected classifications, as a result of recruitment problems, reclassifications, and/or organizational changes during the year. The City, in its sole discretion, may make such pay equity adjustments, but agrees to discuss such changes with the Association.

ARTICLE 18. VOLUNTARY TRANSFER

A bargaining unit employee may apply for a transfer to a position in the same or comparable classification in accordance with the City Civil Service Rules. Such request must be submitted in writing to the Human Resources Department. The names of such bargaining unit employees together with other eligible applicants, will be forwarded to the department head to fill existing vacancies. Such bargaining unit employees will not be accorded any hiring preference.

ARTICLE 19. SEVERABILITY OF PROVISIONS

In the event that any provision of this Memorandum of Understanding is declared by a court of competent jurisdiction to be illegal or unenforceable, that provision of the Memorandum shall be null and void but such nullification shall not affect any of the other provisions of this Memorandum of Understanding, all of which shall remain in full force and effect.

In the event that Federal Legislation changes the current applicability of the Fair Labor Standards Act, both parties agree to consult and/or confer on the impacts of such legislation to the extent required by law.

ARTICLE 20. PAST PRACTICES AND EXISTING MEMORANDA OF UNDERSTANDING

Continuance of working conditions and practices not specifically authorized by ordinance or by resolution of the City Council is not guaranteed by this Memorandum of Understanding.

This Memorandum of Understanding shall supersede all existing Memoranda of Understanding between the City and the Association.

ARTICLE 21. SCOPE OF AGREEMENT

Except as otherwise specifically provided herein this Memorandum of Understanding fully and completely incorporates the understanding of the parties hereto and constitutes the sole and entire agreement between the parties on any and all matters subject to meeting and conferring. ~~Neither party shall, during the term of this Memorandum of Understanding, demand any change therein nor shall either party be required to negotiate with respect to any matter; provided that nothing herein shall prohibit the parties from changing the terms of this Memorandum of Understanding by mutual agreement.~~

ARTICLE 22. DURATION OF AGREEMENT

This Memorandum of Understanding shall be effective the date of execution, and shall remain in full force and effect to and including the 30th day of June **2013**~~2014~~, and shall continue thereafter from year to year unless at least sixty (60) days prior to its expiration, either party gives written notice to the other of its desire to amend, modify, or terminate this Memorandum of Understanding.

ARTICLE 23. MAINTENANCE OF OPERATIONS/CITY RIGHTS

(a) It is recognized that the need for continued and uninterrupted operation of City services is of paramount importance. Therefore, the Association and each employee represented thereby agrees that from the date of execution through and inclusive of June 30, 2014, or six (6) months following receipt of a notice of request for reopening of this Memorandum of Understanding by either party consistent with provisions of 0, or six months following the date of mutual agreement to reopen the Memorandum consistent with 0, the Association or any person acting in its behalf, or each employee in a classification represented by the Association, shall not cause, authorize, engage in, encourage, or sanction a work stoppage, slowdown, or refusal of overtime work, refusal to operate designated equipment (provided such equipment is safe and sound), or picketing, other than informational picketing, against the City or the individual or concerted failure to report for duty or abstinence from the full and faithful performance of the duties of employment, including compliance with the request of another labor organization or bargaining unit to engage in such activity in an attempt to induce a change in wages, hours, and other terms and conditions of employment.

(b) An employee shall not be entitled to any wages or City paid benefits whatsoever if the City Council, by majority vote, determines to its satisfaction, that the employee is, or has, engaged in any activity prohibited by Section (a) of this Article. The City may take other action, which it deems appropriate.

(c) If the City Council, by majority vote, determines to its satisfaction, that Section (a) of this Article has been violated by the Association, the City may take such remedial action as it deems appropriate.

(d) The Association recognizes the duty and obligation of its representatives and members to comply with the provisions of this Memorandum of Understanding and to make every effort toward inducing all employees in this unit to fully and faithfully perform their duties. In the event of any activity prohibited by Subsection (a) hereinabove, the Association agrees to take supererogatory steps necessary to assure compliance with this Memorandum of Understanding.

(e) The Rights of the City as set forth in Section 5 of Resolution #32,538, dated August 4, 1975, are incorporated herein by reference.

IN WITNESS WHEREOF this Memorandum of Understanding was ratified by a membership vote of the Association on ~~October 12~~, _____2012 ~~2008~~, and by an affirmative vote of the Stockton City Council on ~~December 9, 2008~~_____2012.The parties hereto have executed this Memorandum of Understanding this_____day of ~~December 2008~~.

Stockton City Employees' Association

_____

President

_____

First Vice President

_____

Treasurer

_____

Jenny Marquez
Board Member

Approved as to form:
ROSE LAW FIRM, P.C.

By:

_____

Joseph W. Rose

City of Stockton

_____

City Manager

_____

Director of Human Resources

_____

Assistant Director of Human Resources

_____

Deputy Director of Human Resources

Approved as to form:
, City Attorney

By:

_____

Attorney for Association

By:

_____
Alva "Wally" Storm
Labor Relations Consultant

Deputy City Attorney

APPENDIX A - CITY OF STOCKTON'S MODIFIED EMPLOYEE MEDICAL PLAN (BENEFIT RECAP)

SERVICE	% PAID	DESCRIPTION
~~$2,000,000 Lifetime $ Maximum~~		
~~Deductible~~		~~$150.00 per person, per year ($450.00 per family)~~
~~Acupuncture~~	~~60%~~	~~Limited to 12 visits per calendar year.~~
~~Alcohol and Drug Treatment (Substance Abuse Benefit)~~	~~100%~~ ~~75%~~ ~~50%~~	~~Three residential treatment programs per lifetime per member, of up to 30 days each, as follows: 1st Admission: **100%**; 2nd Admission: **75%**; 3rd Admission: **50%**. Must initiate through the City's E.A.P. Program. For active & family members only, **not retirees**.~~
~~Ambulance~~	~~80%~~	~~Ground or Air.~~
~~Annual Physical/Preventive Care~~ ~~Office Visit~~ ~~Lab/Diagnostic~~	 ~~80%~~ ~~100%~~	~~Based on specific guidelines and services recommended by the physician. (80% office visit), (100% for lab/diagnostic).~~
~~Chiropractic Visits~~	~~80%~~	~~Of allowable amounts. Subject to utilization review.~~
~~Emergency Physician~~	~~100%~~	~~For surgery or for other approved emergency services. (Non-emergency illness 50%).~~
~~Emergency Room~~	~~100%~~	~~1st treatment of accident injury within 72 hours if health endangering or life threatening acute illness. Otherwise 50%.~~
~~Hearing Aids~~	~~80%~~	~~Lifetime max of $6,000 per member.~~
~~Home Health Care and Hospice~~	~~100%~~	~~Subject to Case Management.~~
~~Hospitalization~~	~~100%~~	~~Semi-private room rate. Pre-admit certification required if non-emergency. Concurrent utilization review required. If non-member hospital used in area where member hospitals are available (70%).~~
~~Inpatient Psychiatric~~	~~80%~~	
~~Other Covered Services/Supplies~~	~~varies~~	~~See Plan document for complete list.~~
~~Outpatient Mental or Nervous Disorder Treatment~~	~~80%~~	~~First 5 visits per year. 60% next 10 visits per year. (Maximum 15 visits per year. Must initiate through the City's E.A.P. Program.)~~
~~Outpatient Radiology/Lab~~	~~100%~~	~~Includes Preventive care: pap smear, mammogram, prostate, and other covered services.~~

Physicians Office Visits	**80%**	
Pregnancy	**100%**	Normal or C-Section for employee or spouse/registered domestic partner.
Prescription Drug Program	**100%**	After $3 Generic / $8 Brand name, co-pay for up to 60 day supply of prescription drugs & insulin. No vitamins. (Note: Does not apply to deductible or maximum out-of-pocket).
Radiation/Chemotherapy/Dialysis	**100%**	
Surgeon/Anesthesiologist	**100%**	
Therapy Benefits	**100%**	100% of allowed amount for physical, respiratory and cardiac therapy; and speech therapy following surgery, injury or non-congenital organic disease. **UTILIZATION REVIEW REQUIRED**.

Employee Maximum out-of pocket: After the employee pays $1,000 in co-pays and deductibles for covered medical expenses incurred by a person during a single year, the Plan will then pay 100% of covered expenses for that person for the remainder of the year.

The Benefit Recap is to be used strictly for a brief overview of benefits provided by the medical plan. Please refer to the Plan Document for detailed coverage information. All services/supplies must be medically necessary with (the exception of preventive care).

APPENDIX B – CITY OF STOCKTON 2007 CLASSIFICATION AND COMPENSATION STUDY

City of Stockton

Multi-Year Adjustments by Bargaining Unit (No Inflation)

(Employees in Below Market Job Classes and Annual Adjustment Costs)

Bargaining Unit	# of Employees	Total Payroll of Barg Unit	# ees Adjusted	Cost of Annual Adjustment Over 3 Years	Cost of Annual Adjustment Over 4 Years	Cost of Annual Adjustment Over 5 Years
10-SCEA Prof Tech	186	$11,159,715	121	$173,776	$130,332	$104,265
16-SCEA Fire	12	$696,024	0	$0	$0	$0
15-SCEA-Adm Clerical	259	$12,047,616	64	$30,038	$22,528	$18,023
Totals:	457	$23,903,355	185	$203,814	$152,860	$122,288

Total Cost over 3, 4, or 5 Years: **$611,441**

SCEA Classifications listed below are base salaries under market and will receive an increase based on the 2007 Classification and Compensation Study

Class Code	Current Job Classification Title	Top Step Annual Base Salary as of 11/20/08	% Under Market Variance	$ Under Market Variance	1st increase 1/1/2009	2nd increase 1/1/2010
10627	Evidence Technician I	$46,212	16.92%	$7,819.07	$3,909.54	$3,909.54
10605	Evidence Technician II	$51,072	16.92%	$8,641.38	$4,320.69	$4,320.69
10759	Senior Evidence Technician	$57,012	16.92%	$9,646.43	$4,823.22	$4,823.22
15757	Property Clerk	$42,540	14.23%	$6,053.44	$3,026.72	$3,026.72
10641	Real Property Agent I	$57,180	13.58%	$7,765.04	$3,882.52	$3,882.52
10454	Real Property Agent II	$66,504	13.58%	$9,031.24	$4,515.62	$4,515.62
10413	Senior Real Property Agent	$75,720	13.58%	$10,282.78	$5,141.39	$5,141.39
10301	Geographic Information Systems Analyst I	$52,740	13.08%	$6,898.39	$3,449.20	$3,449.20
10447	Geographic Information Systems Analyst II	$65,052	13.08%	$8,508.80	$4,254.40	$4,254.40
10637	Geographic Information Systems Specialist I	$52,740	13.08%	$6,898.39	$3,449.20	$3,449.20

Class Code	Current Job Classification Title	Top Step Annual Base Salary as of 11/20/08	% Under Market Variance	$ Under Market Variance	1st increase 1/1/2009	2nd increase 1/1/2010
10458	Senior Geographic Information Systems Analyst	$77,100	13.08%	$10,084.68	$5,042.34	$5,042.34
10353	Senior Geographic Information Systems Specialist	$63,324	13.08%	$8,282.78	$4,141.39	$4,141.39
10196	Economic Development Analyst	$63,828	12.71%	$8,112.54	$4,056.27	$4,056.27
10456	Senior Systems Analyst	$77,100	12.56%	$9,683.76	$4,841.88	$4,841.88
10300	Systems Analyst I	$52,740	12.56%	$6,624.14	$3,312.07	$3,312.07
10449	Systems Analyst II	$65,052	12.56%	$8,170.53	$4,085.27	$4,085.27
10628	Engineering Aide	$41,868	11.67%	$4,886.00	$2,443.00	$2,443.00
10399	Telecommunications Coordinator	$57,180	9.79%	$5,597.92	$2,798.96	$2,798.96
10842	Police Court Coordinator	$57,120	9.47%	$5,409.26	$2,704.63	$2,704.63
10800	Administrative Analyst I	$56,784	9.39%	$5,332.02	$2,666.01	$2,666.01
10395	Administrative Analyst II	$66,036	9.39%	$6,200.78	$3,100.39	$3,100.39
10350	Public Works Inspector	$68,040	8.47%	$5,762.99	$2,881.49	$2,881.49
10321	Fire Prevention Inspector I	$56,280	6.90%	$3,883.32	$1,941.66	$1,941.66
10315	Fire Prevention Inspector II	$62,316	6.90%	$4,299.80	$2,149.90	$2,149.90
10475	Senior Accountant	$74,820	6.64%	$4,968.05	$2,484.02	$2,484.02
10299	Network Support Analyst I	$52,740	5.82%	$3,069.47	$1,534.73	$1,534.73
10448	Network Support Analyst II	$65,052	5.82%	$3,786.03	$1,893.01	$1,893.01
10455	Senior Network Support Analyst	$77,100	5.82%	$4,487.22	$2,243.61	$2,243.61
10459	Technology Project Coordinator	$77,100	5.82%	$4,487.22	$2,243.61	$2,243.61
15928	Animal Services Assistant I	$38,604	5.49%	$2,119.36	$1,059.68	$1,059.68
15854	Animal Services Assistant II	$42,540	5.49%	$2,335.45	$1,167.72	$1,167.72
15821	Animal Services Officer	$44,676	5.49%	$2,452.71	$1,226.36	$1,226.36
15775	Senior Animal Services Officer	$55,548	5.49%	$3,049.59	$1,524.79	$1,524.79
10639	Engineering Technician I	$58,224	4.93%	$2,870.44	$1,435.22	$1,435.22
10526	Engineering Technician II	$61,260	4.93%	$3,020.12	$1,510.06	$1,510.06
10351	Senior Engineering Technician	$67,908	4.93%	$3,347.86	$1,673.93	$1,673.93
10500	Accountant II	$67,632	4.63%	$3,131.36	$1,565.68	$1,565.68
10363	Housing & Financial Advisor	$58,452	4.63%	$2,706.33	$1,353.16	$1,353.16
10411	Senior Housing and Financial Advisor	$66,636	4.63%	$3,085.25	$1,542.62	$1,542.62
10610	Planning Technician I	$48,348	3.96%	$1,914.58	$957.29	$957.29
10696	Planning Technician II	$52,680	3.96%	$2,086.13	$1,043.06	$1,043.06
10677	Senior Planning Technician	$60,960	3.96%	$2,414.02	$1,207.01	$1,207.01
10660	Buyer I	$54,396	3.74%	$2,034.41	$1,017.21	$1,017.21
10490	Buyer II	$60,048	3.74%	$2,245.80	$1,122.90	$1,122.90
10253	Crime Analyst	$63,828	3.31%	$2,112.71	$1,056.35	$1,056.35
15910	Police Records Assistant I	$39,540	2.24%	$885.70	$442.85	$442.85
15851	Police Records Assistant II	$42,540	2.24%	$952.90	$476.45	$476.45
15698	Police Records Assistant III	$45,852	2.24%	$1,027.08	$513.54	$513.54
10642	Accountant I	$59,748	1.59%	$949.99	$475.00	$475.00
15890	Accounting Office Assistant I	$44,136	1.21%	$534.05	$267.02	$267.02

Class Code	Current Job Classification Title	Top Step Annual Base Salary as of 11/20/08	% Under Market Variance	$ Under Market Variance	1st increase 1/1/2009	2nd increase 1/1/2010
15839	Accounting Office Assistant II	$47,052	1.21%	$569.33	$284.66	$284.66
15812	Senior Accounting Office Assistant	$54,336	1.21%	$657.47	$328.73	$328.73
10346	Code Enforcement Officer I	$56,280	1.12%	$630.34	$315.17	$315.17
10313	Code Enforcement Officer II	$62,316	1.12%	$697.94	$348.97	$348.97
10290	Senior Code Enforcement Officer	$65,508	1.12%	$733.69	$366.84	$366.84
10318	Combination Inspector I	$61,572	0.57%	$350.96	$175.48	$175.48
10240	Combination Inspector II	$68,040	0.57%	$387.83	$193.91	$193.91
10355	Assistant Planner	$64,668	0.19%	$122.87	$61.43	$61.43

SCEA Classifications listed below are base salaries over market and will not receive an increase based on the 2007 Classification and Compensation Study

Class Code	Current Job Classification Title	Top Step Annual Base Salary as of 11/20/08	% Over Market Variance	$ Over Market Variance	1st increase 1/1/2009	2nd increase 1/1/2010
15950	Recreation Assistant I	$41,532	14.29%	$5,934.92	$0.00	$0.00
15909	Recreation Assistant II	$44,676	14.29%	$6,384.20	$0.00	$0.00
15866	Senior Recreation Assistant	$54,336	14.29%	$7,764.61	$0.00	$0.00
15925	Library Aide I	$37,620	14.19%	$5,338.28	$0.00	$0.00
15894	Library Aide II	$41,532	14.19%	$5,893.39	$0.00	$0.00
15855	Library Driver/Clerk	$40,548	14.19%	$5,753.76	$0.00	$0.00
15880	Senior Library Aide	$46,920	14.19%	$6,657.95	$0.00	$0.00
10550	Golf Professional	$58,452	13.77%	$8,048.84	$0.00	$0.00
10565	Recreation Program Coordinator	$60,348	13.77%	$8,309.92	$0.00	$0.00
10806	Administrative Aide I	$56,784	11.62%	$6,598.30	$0.00	$0.00
10390	Administrative Aide II	$66,036	11.62%	$7,673.38	$0.00	$0.00
15717	Senior Police Records Assistant	$52,944	11.48%	$6,077.97	$0.00	$0.00
10329	Plan Checker I	$74,748	11.03%	$8,244.70	$0.00	$0.00
10317	Plan Checker II	$78,576	11.03%	$8,666.93	$0.00	$0.00
10310	Senior Plan Checker	$84,024	11.03%	$9,267.85	$0.00	$0.00
15713	Secretary	$52,944	10.36%	$5,485.00	$0.00	$0.00
10430	Building Permit Technician	$58,920	9.75%	$5,744.70	$0.00	$0.00
15719	Records Specialist	$52,944	8.56%	$4,532.01	$0.00	$0.00
15790	Bookmobile Driver/Circulation Assistant	$46,920	7.76%	$3,640.99	$0.00	$0.00
15944	Circulation Assistant I	$38,604	7.76%	$2,995.67	$0.00	$0.00
15934	Circulation Assistant II	$42,540	7.76%	$3,301.10	$0.00	$0.00
15850	Library Assistant I	$44,676	7.76%	$3,466.86	$0.00	$0.00
15836	Library Assistant II	$51,744	7.76%	$4,015.33	$0.00	$0.00
15760	Senior Library Assistant	$58,452	7.76%	$4,535.88	$0.00	$0.00
10266	Project Manager I	$68,940	7.51%	$5,177.39	$0.00	$0.00
10264	Project Manager II	$72,468	7.51%	$5,442.35	$0.00	$0.00
10262	Project Manager III	$76,176	7.51%	$5,720.82	$0.00	$0.00
10640	Librarian I	$56,784	6.33%	$3,594.43	$0.00	$0.00
10520	Librarian II	$66,036	6.33%	$4,180.08	$0.00	$0.00
10655	Librarian Trainee	$51,744	6.33%	$3,275.40	$0.00	$0.00
10195	Redevelopment Specialist	$76,104	5.64%	$4,292.27	$0.00	$0.00
15715	Office Specialist	$52,944	5.59%	$2.959.57	$0.00	$0.00
15892	Revenue Assistant I	$44,136	5.54%	$2,445.13	$0.00	$0.00
15843	Revenue Assistant II	$47,052	5.54%	$2,606.68	$0.00	$0.00
16876	Fire Telecommunicator I (10-12 hour)	$57,120	5.34%	$3,050.21	$0.00	$0.00
16864	Fire Telecommunicator I (24-hour)	$57,120	5.34%	$3,050.21	$0.00	$0.00
16837	Fire Telecommunicator II (10-12 hour)	$60,048	5.34%	$3,206.56	$0.00	$0.00
16832	Fire Telecommunicator II (24-hour)	$60,048	5.34%	$3,206.56	$0.00	$0.00

Class Code	Current Job Classification Title	Top Step Annual Base Salary as of 11/20/08	% Over Market Variance	$ Over Market Variance	1st increase 1/1/2009	2nd increase 1/1/2010
15860	Customer Service Assistant	$43,872	4.63%	$2,031.27	$0.00	$0.00
15694	Office Assistant I	$38,604	4.63%	$1,787.37	$0.00	$0.00
15834	Office Assistant II	$42,540	4.63%	$1,969.60	$0.00	$0.00
15714	Senior Office Assistant	$52,944	4.63%	$2,451.31	$0.00	$0.00
15644	Revenue Collector	$54,336	3.92%	$2,129.97	$0.00	$0.00
10394	Storm Water Outreach Coordinator	$66,036	2.73%	$1,802.78	$0.00	$0.00
10348	Associate Planner	$78,576	2.55%	$2,003.69	$0.00	$0.00
15863	Police Telecommunicator I	$57,120	2.18%	$1,245.22	$0.00	$0.00
15831	Police Telecommunicator II	$60,048	2.18%	$1,309.05	$0.00	$0.00
10344	Housing & Rehabilitation Counselor I	$59,280	1.51%	$895.13	$0.00	$0.00
10312	Housing & Rehabilitation Counselor II	$65,508	1.51%	$989.17	$0.00	$0.00
10294	Senior Housing Rehabilitation Counselor	$68,868	1.51%	$1,039.91	$0.00	$0.00
15916	Reprographics/Mailroom Technician I	$38,604	1.20%	$463.25	$0.00	$0.00
15895	Reprographics/Mailroom Technician II	$44,676	1.20%	$536.11	$0.00	$0.00
10214	Assistant Civil Engineer	$86,148	1.17%	$1,007.93	$0.00	$0.00
10245	Assistant Engineer/Traffic	$76,716	1.17%	$897.58	$0.00	$0.00
10244	Assistant Traffic Engineer	$86,148	1.17%	$1,007.93	$0.00	$0.00
10360	Junior Engineer	$67,908	1.17%	$794.52	$0.00	$0.00
10681	Code Enforcement Assistant	$46,680	1.12%	$522.82	$0.00	$0.00
10215	Assistant Engineer	$76,716	0.92%	$705.79	$0.00	$0.00
15963	Community Service Officer I	$46,920	0.91%	$426.97	$0.00	$0.00
15920	Community Service Officer II	$50,412	0.91%	$458.75	$0.00	$0.00
10302	Technology Support Specialist I	$52,740	0.79%	$416.65	$0.00	$0.00
10446	Technology Support Specialist II	$63,072	0.79%	$498.27	$0.00	$0.00
15745	Parking Violations Deputy	$42,036	0.06%	$25.22	$0.00	$0.00
10263	Assessment District Maintenance Coordinator	$76,176	0.00%	$0.00	$0.00	$0.00
10216	Assistant Architect	$72,468	0.00%	$0.00	$0.00	$0.00
10129	Assistant Landscape Architect	$62,316	0.00%	$0.00	$0.00	$0.00
10444	CMMS Technician	$63,072	0.00%	$0.00	$0.00	$0.00
15912	Mail Courier	$38,604	0.00%	$0.00	$0.00	$0.00
15776	Office Technician	$55,884	0.00%	$0.00	$0.00	$0.00
10480	Recycling Specialist	$63,444	0.00%	$0.00	$0.00	$0.00

*** Increases are representative of salary at top step. Increases to other than top step shall be adjusted by the same proportionate amount.**

APPENDIX C – RELEASE OF CLAIMS RELATED TO 2011 AND 2012 DECLARATIONS OF FISCAL EMERGENCY AND RELATED ACTION

1. The Stockton City Employees' Association (defined herein as including without limitation the SCEA's members, bargaining unit members, officials, attorneys and affiliates) agrees to release the City of Stockton (including without limitation its officers, employees, council members, attorneys, agents and assigns) from any and all liability arising out of or related to the City's declaration of fiscal emergency on May 17, 2011(Resolution No. 11-0114) and February 28, 2012 (Resolution No. 1502-01), including any and all actions taken by the City of Stockton and its employees, officers, council members, attorneys, agents and assigns prior to the effective date of this Release pursuant to the declarations of fiscal emergency, including but not limited to, the Resolution affecting the terms and conditions of employment of past, present or future employees of the City in the SCEA bargaining unit (Resolution Nos. 11-0166 and 1502-02). By entering this agreement, the SCEA releases the City of any and all liability related to loss of wages and benefits, and other changes to terms and conditions of employment that resulted from or are related to the City's 2011 emergency declarations and related actions taken pursuant to those declarations prior to the effective date of this Release.

2. SCEA and the City understand and expressly agree that this Release extends to all claims of every nature and kind, known or unknown, suspected or unsuspected, past, present or future, arising from or attributable to the City's emergency declarations for actions taken prior to the effective date of this Release pursuant to those declarations. The parties acknowledge that any and all rights granted to the parties under Section 1542 of the California Civil Code or any analogous state or federal law or regulation, are hereby expressly waived. The parties recognize and acknowledge that the factors which have induced them to enter into this Agreement might turn out to be incorrect or different from what they had previously anticipated, and the parties expressly assume all of the risks of this waiver of California Civil Code Section 1542. Section 1542 of the California Civil Code, reads as follows:

> A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the

time of executing the release, which if known by him or her must have materially affected his settlement with the debtor.

3. In consideration of the foregoing promises and other considerations, the SCEA, for itself, its attorneys, members, officers, directors, represented employees and affiliates, hereby fully and forever releases, discharges and covenants not to sue or otherwise institute in any way, actively participate in or voluntarily assist in any legal or administrative proceedings against the City connected to the actions or omissions occurring on or before the effective date of this Release. This includes the immediate withdrawal of all litigation, grievances, demands for arbitration, and administrative claims.

4. The effective date of the Release shall be the date of the City Council's approval of the 2012 – 2013 MOU between the City and the Stockton City Employees' Association; provided, however, that the parties agree to stay all litigation, arbitration, or other legal or administrative proceedings as of the effective date of this Release until both parties have an adequate opportunity to ratify. The parties shall inform all courts, arbitrators or administrative bodies in which any matter released herein is pending that the matter has been temporarily stayed pending ratification by the parties.

5. All parties expressly waive any right to recover attorneys' fees and costs.

AB 506 Labor Mediation Proposal

CITY OF STOCKTON

MEMORANDUM OF UNDERSTANDING
OPERATIONS AND MAINTENANCE UNIT
MUNICIPAL UTILITIES DEPARTMENT

Operating Engineers' Local 3, AFL-CIO and representatives of the City of Stockton have met and conferred in good faith regarding wages, hours and other terms and conditions of employment of employees in the representation unit identified in Section 1, have exchanged freely information, opinions and proposals and have endeavored to reach agreement on all matters relating to the employment conditions and employer-employee relations of such employees.

This Memorandum of Understanding is entered into pursuant to the Meyer-Milias-Brown Act (Government Code sections 3500-3510) and has been jointly prepared by the

parties.

This Memorandum of Understanding shall be presented to the Stockton City Council as the joint recommendations of the undersigned for salary and benefit adjustments for the period commencing July 1, **2012** ~~2011~~, and ending June 30, 201**3** ~~2~~.

AB 506 Labor Mediation Proposal

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Section 1. Recognition

Operating Engineers' Local 3, AFL-CIO, hereinafter referred to as the "Union," is the recognized employee organization for the Operations and Maintenance Unit, certified pursuant to the Employer-Employee Relations Ordinance (Stockton Municipal Code §§ 2-200, *et seq.*).

Section 2. Union Security

2.1 Dues Deduction

(a) General. The Union may have the regular dues of its members within the representation unit deducted from employees' paychecks under procedures prescribed by the City for such deductions. The Union has the exclusive privilege of dues deduction for its members.

Authorization, cancellation or modification of payroll deductions shall be made upon forms provided or approved by the City. The payroll deduction authorization shall remain in effect until canceled or modified by the employee by written notice to the City or until the first day of the calendar month following the transfer of the employee to a unit represented by another employee organization as the representative of the unit to which the employee is assigned, or until employment with the City is terminated.

Additional authorization shall not be required for deduction of increased membership dues when such increase has been duly approved by the membership of the Union. Notification of such approval shall be forwarded to the City in the form of written notice on official Union letterhead and signed by the duly authorized Union official. Upon receipt of notification, the City shall authorize the payroll deduction of the increased amount.

If an employee is promoted to a position which is represented by another employee organization or to an unrepresented unit, membership dues for the former unit will not be deducted from the employee's paycheck by the City.

Amounts deducted and withheld by the City shall be transmitted to the officer designated in writing by the Union as the person authorized to receive such funds, at the address specified.

In addition to the deduction of dues, the City will deduct from the paychecks of Union members who request it, premiums for group insurance and investment plans sponsored by the Union. Such deductions shall be made in one lump sum

and only upon signed authorization from the employee upon a form satisfactory to the City. ~~Such authorizations may be made or changed no more frequently than twice yearly.~~

[MODIFICATION FROM 2009 SIDE LETTER RE: UNION SECURITY ARRANGEMENT.]

The employee's earnings must be sufficient after all other required deductions are made, to cover the amount of the deductions herein authorized. When an employee is in a non-pay status for an entire pay period, no withholdings will be made to cover that pay period from future earnings nor will the employee deposit the amount with the City which would have been withheld if the employee had been in pay status during that pay period. In the case of an employee who is in a non-pay status during a part of the pay period, and the salary is not sufficient to cover the full withholding, no deduction shall be made.

In this connection, all other required deductions have priority over the employee organization deduction.

(b) Indemnity and Refund. The Union shall indemnify, defend and hold the City harmless against any claim made and against any suit initiated against the City on account of check off of Union dues or premiums for benefits. In addition, the Union shall refund to the City any amounts paid to it in error upon presentation of supporting evidence.

2.2 Agency Fee

(a) Employee Rights

(1) The City and the Union recognize the right of employees to form, join, and participate in lawful activities of employee organizations and the equal, alternative right of employees to refuse to form, join and participate in employee organizations. Neither party shall exert pressure upon or discriminate against an employee in the exercise of these alternative rights.

(2) Accordingly, membership in the Union shall not be compulsory. A unit member has the right to choose, either: to become a member of the Union; or, to pay to the Union a fee for representation services; or, to refrain from either of the above courses of action upon the grounds set forth in Section (f) below.

(b) Unit Members' Obligation to Exclusive Representative

(1) A bargaining unit member who does not fall within one (1) of the exempted categories as set forth in Section (f) below, and who has not voluntarily made application for membership in the Union within the sixtieth (60) day following the date upon which said employee has been formally hired by the City as a bargaining unit employee, must as a condition of continued employment in the City pay to the Union a representation fee, in exchange for representation services necessarily performed by the Union in conformance with its legally imposed duty of fair representation on behalf of said unit member who is not a member of the Union.

(2) In the event that a unit member does not become a member of the Union or pay such fee directly to the Union, the City shall begin automatic payroll deduction. There shall be no charge to the Union for such mandatory agency fee deductions.

(3) Prior to beginning such automatic payroll deduction, the Business Representative of the Union will certify to the City in writing that the employee whose pay is to be affected by the deduction has: 1) refused to join the Union; and 2) has refused to tender the amount of the agency fee as defined herein; and 3) has not applied for an exemption under Section (f) herein. In addition the Union must also certify that it has provided the employee with a copy of the fee verification required by Section (e) herein.

(c) Definition of Agency Fee

(1) The agency fee collected pursuant to Section (b) above from unit members who are not members of the Union shall be an amount not to exceed the standard initiation fee, periodic dues and general assessments of the Union for the duration of this Agreement, minus any amount which is prohibited by the Constitution because such funds pay for political or ideological purposes not related to collective bargaining.

(2) Any dispute as to the amount of the representation fee shall be resolved pursuant to the provisions of Section (h) herein.

(d) Exceptions. Unit members on leave without pay and unit members who are in laid-off status shall be exempt from these provisions herein; except that the election as to membership or payment of a fee as set forth herein must be exercised within the first ten (10) work days upon return to paid status.

(e) Annual Verification of Agency Fee by the Union. Prior to January 31, of each year and before the collection of an agency fee from any unit member pursuant to these provisions herein, the Union shall submit a written certification to the fee payers verifying that the total amount of its representation fee conforms to Section (c) above, and itemizing all component parts of such fee which shall provide an adequate explanation for the basis of the fee. Each year such amount shall be verified and submitted in writing to the fee payers by the Union prior to January 31st. The Union will submit a copy of such verification to the Director of Human Resources of the City. The parties agree that such annual verification is a condition precedent to the collection by either the City or the Union of a representation fee from a unit member.

(f) Employees Exempted From Obligation to Pay Union

(1) Any unit member shall be exempt from the requirements of Section (b) above, if such employee has a bona fide religious objection as defined by Section 3502.5 of the Government Code to the payment of any fee in support of a Union or "employee organization" as defined in Section 3540.1(d) of the Government Code.

(2) Such exempt unit member shall, as an alternative to payment of a representation fee to the Union, pay an amount equivalent to such representation fee to:

a. United Way.
b. American Cancer Society.
c. Any charity jointly agreed in writing by the parties.

(3) If a unit member desires to be exempted for reasons set forth in Section (f) herein, the unit member must first request such exemption in writing from the Union setting forth briefly the rationale for the exemption. If the Union notifies the unit member in writing that the Union will not honor the request, then the matter shall be referred automatically to a panel for determination according to the procedure set forth below. The panel shall be composed of one (1) person selected by the Union, one (1) person selected by the unit member, and an arbitrator selected by the parties chosen from a list submitted by the State Conciliation Service. If either one or both parties fail to nominate a panel member, the process of hearing will continue without that party's panel member.

(4) The panel shall first receive arguments and evidence from the unit member requesting the exemption. Thereafter the Union may present any

arguments or evidence. The proceedings shall be conducted in an informal manner, and the rules of evidence will not apply. The arbitrator shall act as chair and rule on all matters before the panel with the exception of the final determination of the panel. The panel shall prepare a written decision within fifteen (15) calendar days of the completion of the hearing which shall be final and binding upon the parties. Any expenses of the panel shall be borne by the parties incurring them.

(5) Upon receipt of the decision of the panel, the City shall release any funds held in escrow to the Union or to the charity. Any decision by the panel shall apply for the duration of this Memorandum of Understanding.

(6) In addition, the Union may require such exempt unit member to submit proof of payment of an amount equivalent to such representation fee to one (1) of the alternative funds or organizations listed above. If the bargaining unit member has not provided payment, the City will institute deductions pursuant to Section (b)(2), and forward such monies to a charity listed in Section (f)(2).

(7) Such payments shall be made on or before January 31, of each year or no more than thirty (30) days after commencing duties for any newly hired employee.

(g) Escrow Account. If any unit member either disputes the amount of the fee or disputes whether or not an exemption was appropriately denied, the City shall deposit the fee which was deducted and place such amount into a special escrow account established by the Union for such purposes.

(h) Procedure for a Unit Member Who Contests the Amount of the Fee

(1) The parties agree that in order to provide a uniform definition of the representation fee, any disputes involving the amount of such fee shall be referred to the Union's procedure for determination, provided that the parties have first complied with the other provisions of this Section.

(2) The Union shall notify the City in writing within twenty (20) days after it becomes aware that any employee disputes the amount of the fee.

(3) The Union will verify in writing to the City that all of the conditions of Section (b)(3) have been met prior to the City's initiation of the fee deductions set forth in Section (b)(2). Thereafter, the City will notify the affected employee in writing that such deductions will commence and a copy of the Union's written verification will be attached to the City's notice.

Thereafter, the City will begin the deductions.

The monies held in escrow shall be released to the appropriate party upon the rendering of a final decision by the Union's internal procedure.

(i) Payment Method/Payroll Deduction

(1) A unit member may voluntarily sign and deliver to the City a written assignment authorizing deduction of the properly established representation fee as defined in Section (c) above, subject to the conditions set forth elsewhere in this agreement for payroll deductions, or the amount of the fee will be deducted automatically in accordance with Section (b)(2) herein.

(2) The City is under no obligation to make payroll deductions for the periods during which a unit member is either terminated from active employment, or not on the City's active payroll for any reason, including, but not limited to, layoff and voluntary leave of absence for more than thirty (30) days.

(3) Upon the rehiring of any unit member, or upon the recalling of any unit member from layoff status, the City will resume or initiate dues deductions for such unit member.

(j) Obligations of Parties

(1) City's Obligations. The City's obligation under this Article is to notify any unit member who has failed to comply with the provisions of this Section that, as a condition of continued employment with the City, such unit member must become an Union member, or pay a representation fee, or establish an exemption status and make payment pursuant to provisions of Sections (b) and (f) of this Agreement. Under no circumstances shall the City be required to dismiss or otherwise discipline any unit member for failure to fulfill their obligations to pay the fees established herein.

(2) Union's Obligations. Except as specified herein, the Union and not the City, shall be responsible for requiring unit members to fulfill obligations defined herein. It is the obligation of the Union to collect any representation fees which may be due and payable to the Union in consideration for its services as the exclusive representative of unit employees.

(k) Hold Harmless Provision. The Union shall hold the City harmless, and shall fully and promptly reimburse the City for any fees, costs, charges or penalties incurred in responding to or defending against any claims, disputes, challenges, whether formal or informal, which are actually brought, or attempted or threatened to be brought, against the City or any of its agents, or employees, in connection with the interpretation, application, administration or enforcement of any Section of this Agreement pertaining to representation fee. Such reimbursement shall include, but not be limited to, court costs, litigation expenses, and attorney's fees incurred by the City. The City shall have the right to be represented by its own attorney in any action in which it is a named party to the action. Disputes over the amount of reimbursement shall be automatically submitted to the arbitration provisions of this Memorandum, Section 8.3(e).

2.3 Use of City Facilities

(a) The Union shall be allowed by the City department in which it represents employees' use of space on available bulletin boards for communications having to do with official Union business, such as times and places of meetings, provided such use does not interfere with the needs of the department. The Union may submit to the City Employee Relations Officer written communications having to do with official Union business for distribution by the City to identified shop stewards. Distribution may be by e-mail.

(b) Any representative of the Union shall give notice to the department head or designated representative when contacting department employees on City facilities during the duty period of the employees, provided that solicitation for membership or other internal Union business shall be conducted during the non-duty hours of all employees concerned. Pre-arrangement for routine contact may be made with individual department heads and when made shall continue until revoked by the department head.

(c) City buildings and other facilities may be made available for use by City Employees of the Union or their representatives in accordance with such administrative procedures as may be established by the City Manager or department heads concerned.

2.4 Advance Notice

Except in cases of emergency, reasonable advance written notice shall be given to the Union if affected by any ordinance, resolution, rule or regulation directly relating to matters within the scope of representation proposed to be adopted by

the City and shall be given the opportunity to negotiate if requested with the designated management representatives prior to adoption.

In cases of emergency when the foregoing procedure is not practical or in the best public interest, the City may adopt or put into practice immediately such measures as are required. At the earliest practicable date thereafter the Union shall be provided with the notice described above and be given an opportunity if requested to negotiate changes to said notice with the management representatives designated by the City Manager.

2.5 Attendance at Meetings by Employees

City employees who are official representatives or unit representatives of the Union shall be given reasonable time off with pay to attend meetings with City management representatives~~, or be present at City hearings~~ where matters within the scope of representation or grievances are being considered. Such employee representatives shall submit a request for excused absence to their respective department heads, in a manner satisfactory prior to the scheduled meeting whenever possible. **Time spent for these purposes while a representative is not scheduled to work shall not be compensated by the City and shall not be considered as hours worked.** Except by mutual agreement the number of the employees excused for such purposes shall not exceed three (3) per recognized bargaining unit.

~~Time spent for this purpose during the representative's scheduled hours of work count as hours worked. Time spent for this purpose which may exceed the representative's regularly scheduled hours of work shall be compensated as overtime or compensatory time.~~

2.6 Maintenance of Membership

All employees in the Operations and Maintenance unit who are members of the Union, tendering periodic dues at the execution of this agreement, and all employees who thereafter become members of the Union shall, as a condition of employment, pay dues to the Union for the duration of this Memorandum of Understanding, and each year thereafter. For a period of thirty (30) days prior to January 1, 2009 and thirty (30) days prior to any January 1, thereafter, any employee in the aforementioned unit who is a member of the Union shall have the right to withdraw from the Union discontinuing dues payments and retain employment in the City, subject to provisions of Section 2.2. Agency Fee. Said withdrawal shall be communicated by the employee in writing to the City. The provisions of this section shall be operative only to the extent that they are permissible under California law.

2.7 Assignment of Classifications

New job classifications established by the City shall be assigned to the bargaining unit pursuant to Section 8 (b) of the City's Employer-Employee Relations Resolution after providing notice and the opportunity to consult with the Union regarding such matters.

2.8 Contract Ratification

Ratification votes for Contract will be handled on city time during the day.

Section 3. Compliance with Federal Laws/Safety

3.1 Non-Discrimination. The City and the Union agree that there shall be no discrimination of any kind because of **age (over 40),** race, creed, color, religion, national origin, **ancestry), veterans status, physical or mental disability, marital status, sexual orientation,** sex **(sexual, gender based, pregnancy/childbirth)**, political affiliation or legitimate union activity **or on any other basis prohibited by applicable federal and State law** against any employee or applicant for employment. **In addition, the Union shall cooperate with the City, to the extent authorized by federal and State laws and regulations, in furthering the City's objective of promoting equal employment opportunities.** ~~; and to the extent prohibited by applicable State and Federal law there shall be no discrimination because of age.~~

3.2 Fair Labor Standards Act. The Union agrees to cooperate with the City to insure its members' compliance with the provisions of the Fair Labor Standards Act.

3.3 Safety. The Union shall cooperate with the City in promoting safety objectives as defined in Federal, State and local regulations by actively supporting safety programs, promoting safe work habits of members and encouraging an ongoing, active participation by its members in safety related procedures and practices as offered and promulgated by the City of Stockton.

Section 4. Probation

4.1 Purpose

The probationary period shall be utilized for closely observing the employee's work, for securing the most effective adjustment of a new employee to a position, and for rejecting any probationary employee whose performance does not meet the required standards of work.

4.2 Original Entrance and Promotional Positions

All original and promotional appointments shall be tentative and subject to a probationary period of six (6) months, unless a longer probationary period is stated in the class specification. The probationary period may be extended up to an additional six (6) months in those cases where the appointing authority and the Director of Human Resources agree that such extension would be beneficial to the employee and the City.

4.3 Retention/Rejection of Probationer

At the end of the probationary period, if the service of the probationary employee has been satisfactory to the appointing authority, then the appointing authority shall file with the Director of Human Resources a statement in writing to such effect and stating that the retention of such employee in the service is desired. The City will make a good faith effort to notify a probationary employee two (2) weeks before the end of the probationary period whether or not permanent status is granted; however, a failure on the part of the appointing authority to file such a statement at the end of the probationary period shall constitute a rejection of the probationer as defined in Civil Service Rules.

During the probationary period an employee may be rejected at any time by the appointing authority. Any employee rejected during the probationary period following a promotional appointment, shall be reinstated to the position from which promoted unless charges are filed and the employee is discharged in the manner provided in Section 7 of this Memorandum of Understanding and in the Civil Service Ordinance and Civil Service Rules, which are consistent therewith.

4.4 Alcohol and Drug Testing. All original and reemployed appointments must pass a drug and alcohol screening prior to being offered City employment. This shall include non-represented part-time, seasonal, provisional, and temporary appointments.

Section 5. Layoff

5.1 Layoff

Any employee may be laid off by an appointing authority in the event of the abolition of the employee's position by the City Council, or if a shortage of work or funds requires a reduction in personnel.

5.2 Layoff Scope

(a) Layoffs shall be within departments of the City.

(b) Departments of the City are defined as follows:

(1) Administrative Services
(2) City Attorney
(3) City Auditor
(4) City Clerk
(5) City Manager
(6) Community Development
(7) Fire
(8) Housing and Redevelopment
(9) Human Resources
(10) Information Technology
(11) Library
(12) Municipal Utilities
(13) Parks and Recreation
(14) Police
(15) Public Works

5.3 Notice of Layoff

The City will give advance written notice of at least one pay period to employees who will be laid off.

5.4 Precedence by Employment Status

(a) No permanent employees shall be laid off while employees working in an extra help, seasonal, temporary, provisional, or probationary status are retained in the same classification as such permanent employee. The order of layoff among employees not having permanent status shall be according to the following categories:

(1) extra help or seasonal
(2) provisional
(3) temporary
(4) probationary

Layoffs shall be by job classification according to reverse order of seniority as determined by total service in the City, except as specified above. For the purpose of this procedure part-time classes shall be considered as separate from regular full-time classes.

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The following provisions shall apply in computing total continuous service:

(1) Time worked in a permanent or probationary status shall count as service.
(2) Time spent on military leave shall count as service in the event the leave was taken subsequent to entry.
(3) Time worked in an extra help, seasonal, provisional, temporary, grant or other limited term status shall not count as service.

If two (2) or more employees have the same seniority, **order of seniority shall be determined by their respective ranking on the eligibility list for hire.** ~~most recent performance evaluation shall determine seniority.~~

If two (2) or more employees have the same seniority, but were not hired from a ranked eligibility list, the order of seniority shall be determined by lot.

If two (2) or more employees have the same seniority, but were hired from separate ranked eligibility lists, the order of seniority shall be determined by lot.

(b) Any employee in the Operations and Maintenance Unit who is laid off may complete a City employment application for any position currently staffed by a part time, provisional, or temporary employee. The Human Resources Department will evaluate the employment application. If the laid off employee meets the minimum qualifications of that position, he/she shall have the option of displacing the part time, provisional, or temporary employee.

5.5 Employee Options

Employees laid off shall have any of the following choices:

(a) Displacing the employee in the same department and in the same or clearly comparable classification as determined by the Director of Human Resources as having the least (total service) seniority. This option shall be exercised before any other option.

(b) Taking a voluntary demotion within the department to a classification in which the employee had prior permanent status, thus displacing the employee working in the classification who has the least (total service) seniority.

5.6 Health and Welfare Benefits during Layoff

Permanent employees who are laid off will have an option of maintaining their existing health and welfare benefits for thirty-six (36) months from the date of layoff, provided timely payments of the premiums by the employee are made to the City, according to City regulations, and provided the employee otherwise meets the requirements of Federal and State regulations.

Section 6. Reemployment

(a) The name of each employee who is laid off in accordance with Section 5. shall be placed at the head of the eligibility list for the class of positions which that employee held, and shall be given preference in filling vacancies in that class.

(b) An employee laid off in accordance with this Section shall be placed on the eligibility list or lists for any lower or comparable class or classes in the same department, provided that the appointing authority and the department head in charge of this lower or comparable class determine that the employee is competent to perform the duties thereof in strict accordance with the class specifications. This right of a laid off employee shall remain effective for two (2) years from the date of latest separation from the service. The employee shall not be placed on said eligibility list or lists without first submitting a written request. Employee's place on said list or lists shall be at the head of the eligibility list for the class of positions for which qualified as hereinabove set forth and shall be given preference in filling vacancies except for those persons placed on said list or lists of reemployment in the same positions previously held. **An employee who waives reemployment shall have his/her name removed from this reemployment list unless mutually agreed to by the Department and employee.** Upon certification for appointment to a new position never having been held by this employee, the probationary period must be completed as required in this Memorandum of Understanding.

Section 7. Discipline

Disciplinary action, including discharge, suspension, reduction in pay or demotion, may be taken against any employee for cause.

7.1 Predisciplinary Rights

An employee facing potential disciplinary action will be entitled to the following predisciplinary rights:

(a) Notice of proposed discipline.

(b) Date(s) proposed discipline will be effective.

(c) Reasons for the proposed discipline, the specific grounds and particular facts upon which the action is taken.

(d) Seven (7) calendar days in which an employee or the representative may respond either orally or in writing to the department head.

(e) The employee must be provided with any written materials, reports and documents upon which the action is based.

7.2 Administrative Leave

The City may place an employee on administrative leave pending the completion of the predisciplinary process.

7.3 Provisions

The appointing authority may discharge, suspend or demote any employee in the classified service provided the Stockton Municipal Code provisions and the rules and regulations of the Civil Service Commission and any applicable provisions of law are followed. Such provisions allow the employee suspended, demoted or discharged to appeal such action. The employee may take only one (1) of the following actions:

(a) File no appeal.

(b) File an appeal with the Civil Service Commission within ten (10) calendar days of written notification of the action. (Such filing will foreclose use of the grievance procedure.)

(c) File a grievance as provided for in Section 8 within ten (10) calendar days of written notification of the action.

If the employee fails to do (b) or (c) above within the prescribed time frames, these rights will have been waived.

All verbal reprimands and written reprimands shall be removed from the employee's record after a period of one year if there has been no reoccurrence of the infraction and the employee has a good work record. All other disciplinary records shall be removed from an employee's work record after two (2) years if

there has been no reoccurrence of the infraction and the employee has a good work record.

Section 8. Grievance Procedures

8.1 Definition

A grievance is any dispute which involves the interpretation or application of those rules, regulations and resolutions which have been, or may hereafter be, adopted by the City Council to govern personnel practices and working conditions, including such rules, regulations and resolutions as may be adopted by either the City Council or the Civil Service Commission to affect Memoranda of Understanding which result from the meeting and conferring process.

8.2 Filing Deadline

(a) No grievance involving demotion, suspension, discharge or other employment penalty will be entertained unless it is filed in writing with the Director of Human Resources within ten (10) calendar days of the time at which the affected employee received written notification of such action. All other grievances must be filed within thirty (30) calendar days from the time the employee knew or had reason to know of the facts giving rise to the grievance.

(b) With written consent of the City Manager or his/her designee and the Union Business Agent or his/her designee, time limits may be extended and/or Steps 1, 2 and/or 3 of the Grievance Procedure waived.

8.3 Grievance Processing

(a) Step 1 - Departmental Review. Any employee claiming to have a grievance may discuss the complaint with such management official in the department where employed as the department head may designate. If the issue is not resolved within the department within twenty (20) calendar days from the day of presentation or if the employee elects to submit the grievance directly to the Union recognized as the representative of that employee's classification, or if the employee/Union official notifies the Director of Human Resources, in writing, that a grievance exists, the procedure hereinafter specified may be invoked.

(b) Step 2 - Director of Human Resources Review. If the employee is not satisfied with the response at level one, then the employee may appeal the grievance to the Director of Human Resources within twenty (20) calendar days of the receipt of written response at level one. Such appeal must state with particularity: 1) the specific policy, rule or provision which is alleged to have

been violated; 2) the statement of facts comprising the violation; and 3) the requested remedy. The Union may file and process grievance(s) on behalf of the specifically named employee. The Director of Human Resources shall have twenty (20) calendar days in which to investigate the issues, meet with the complainant and attempt to reach a satisfactory resolution of the problem. No grievance may be processed under the following two (2) paragraphs which has not first been filed and investigated in accordance with this paragraph, except for the resolution of compensation complaints.

~~(c) Step 3 - Adjustment Board. If the parties are unable to reach a mutually satisfactory accord on any grievance which arises and is present during the terms of this Memorandum of Understanding, within twenty (20) calendar days of the receipt of the level three response, such grievance shall be submitted to an Adjustment Board comprised of two (2) Union representatives, no more than one (1) of whom shall be either an employee of the City or an elected or appointed official of the Union and two (2) representatives of the City, no more than one (1) of whom shall be either an employee of the City or a member of the staff of any organization employed to represent the City in the meeting and conferring process.~~

(c) ~~(d)~~ Step **3** ~~4~~ - Arbitration. If **the parties are unable to reach a mutually satisfactory accord on the grievance at Step 2** ~~an Adjustment Board is unable to arrive at a majority decision~~, within twenty (20) calendar days either the Union or the City may require that the grievance be referred to an impartial arbitrator mutually selected by the parties, or if the parties are unable to mutually agree, from a list of seven (7) arbitrators provided by the State Conciliation Service. The arbitrator shall be chosen by the alternative strike method, with first choice being determined by lot. The fees and expenses of the arbitrator and of a court reporter shall be shared equally by the Union and City. Each party, however, shall bear the cost of its own presentation, including preparation and post hearing briefs, if any.

(d) ~~(e)~~ Effect of Decision. Decisions of ~~Adjustment Boards and~~ arbitrators on matters properly before them shall be final and binding on the parties hereto except as provided otherwise herein.

8.4 Scope of Arbitration

(a) No ~~Adjustment Board and no~~ arbitrator shall entertain, hear, decide or make recommendations on any dispute unless such dispute involves a position in a unit represented by the Union and unless such dispute falls within the definition of a grievance as set forth in paragraph 8.1.

(b) Proposals to add to or change this Memorandum of Understanding or written agreements or addenda supplementary hereto shall not be arbitrable and no proposal to modify, amend or terminate this Memorandum of Understanding, nor any matter or subject arising out of or in connection with such proposal, may be referred to arbitration under this Section. No ~~Board of Adjustment or~~ arbitrator selected pursuant to this Section shall have the power to amend or modify this Memorandum of Understanding or written agreements or addenda supplementary hereto or to establish any new terms or conditions of employment.

No changes in this Memorandum of Understanding or interpretations thereof (except interpretations resulting from ~~Board of Adjustment or~~ arbitration proceedings hereunder) will be recognized unless agreed to by the Director of Human Resources and the Union.

8.5 Other Provisions

If the Director of Human Resources or City Manager, in pursuance of the procedures outlined above, resolves a grievance which involved suspension or discharge, they may agree to payment for lost time or to reinstatement with or without payment for lost time, but in the event the dispute is referred to arbitration and the arbitrator finds that the City had cause to take the action complained of, the arbitrator may not substitute his judgement for the judgment of management and if the findings are that the City had such right, the arbitrator may not order reinstatement and may not assess any penalty upon the City.

Complaints which allege the employee is not being compensated in accordance with the provisions of this Memorandum of Understanding shall be considered as grievances and processed pursuant to Section 8.3. Any other matters of compensation are to be resolved in the meeting and conferring process and if not detailed in the Memorandum of Understanding which results from such meeting and conferring process shall be deemed withdrawn until the meeting and conferring process is next open for such decision. No adjustment shall be retroactive for more than thirty (30) calendar days from the date upon which the complaint was filed.

Specified time limits may be modified only in writing. All appeals and responses must be provided in writing.

A grievant will be provided release time without loss of pay for all required meetings with management. The City cannot discriminate or retaliate in any manner against an employee for filing a grievance or exercising rights under this Section.

The provisions of this Section shall not abridge any rights to which an employee may be entitled under the Stockton Municipal Code and/or Civil Service Rules and Regulations, nor shall it be administered in a manner which would abrogate any power which, under the Stockton Municipal Code, may be within the sole province and discretion of the Civil Service Commission.

All grievances of employees in representation units represented by the Union shall be processed under this Section. If the Stockton Municipal Code and/or the Civil Service Rules and Regulations requires that a differing option be available to the employee, no action under paragraph **(c)** ~~(d) or (e)~~ of Subsection 8.3 above shall be taken unless it is determined that the employee is not utilizing such option.

No action under paragraph **(c)** ~~(d) or (e)~~ of Subsection 8.3 above shall be taken if action on the complaint or grievance has been taken by the Civil Service Commission or if the complaint or grievance is pending before the Civil Service Commission.

If any award by a**n** ~~Board of Adjustment or~~ arbitrator requires action by the City Council or the Civil Service Commission before it can be placed in effect, the City Manager and the Director of Human Resources will recommend to the City Council or the Civil Service Commission, as appropriate, that it follow such award.

Section 9. Leaves

9.1 Vacation Leaves

(a) Vacation Allowance. All regular employees, excluding provisional and temporary shall accrue vacation leave with pay in accordance with the following schedule:

(1) Less than one and one-half (1-1/2) years continuous employment ..... 80 hours/year.

(2) After one and one-half (1-1/2) to seven and one-half (7-1/2) years continuous employment ..... 108 hours/year.

(3) After seven and one-half (7-1/2) to fifteen (15) years continuous employment ..... 144 hours/year.

(4) After fifteen (15) to twenty-five (25) years continuous

employment ..... 189 hours/year.

(5) Thereafter, seven (7) additional hours for each completed year of service in excess of twenty-five (25) years.

(6) Employees shall accrue vacation on a twice-monthly payroll basis.

(b) Maximum Vacation Accrual. Employees reaching the maximum hours shall stop accruing additional hours until they are below the caps listed here. No vacation hours maybe added to sick leave and balances without exception.

Maximum Vacation Accrual Caps.

40 hour employee	
Under 1.5 yrs	120 hours (15 days)
1.5-7.5 yrs	240 hours (30 days)
7.5-15 yrs	280 hours(35 days)
15-25yrs	320 hours (40 days)
26 yrs	328 hours (41 days)
27 yrs	336 hours (42 days)
28 yrs	344 hours (43 days)
29 yrs	352 hours (44 days)
~~etc~~	

For every year of service beyond 29, the employee is allowed to add an additional seven (7) hours to the maximum accrual cap.

(c) Vacation Scheduling. Vacation leaves shall be scheduled with due consideration for the wishes of the employee and so as to not interfere with the normal operation of the City business. Vacation requests are accepted on a day for day basis.

(d) Holiday during Vacation. If any such paid holidays fall within an employee's vacation leave, the employee will not be charged vacation accrual for that day.

(e) Cash Payment Option for Vacation.

(1) An employee may elect to receive cash payment for up to a maximum of forty (40) hours of accumulated **vacation** hours annually except that all cash outs shall be suspended during furlough **or fiscal emergency** periods.

(f) Vacation Cash Out Upon Separation. When an employee is separated from the service between February 17, 2012 and July 1, 2014, the employee's remaining vacation allowance, if any, shall be paid as follows:

(1) Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated vacation hours.

(2) On the one year anniversary of employee's separation, he/she shall receive the second payment of one third (1/3) or $10,000, whichever is greater, of the balance of his/her unused accumulated vacation hours.

(3) On the second anniversary of separation, he/she shall receive the balance payment of the unused accumulated vacation hours.

(4) Employees who are involuntarily separated shall have their unused accumulated vacation hours, if any, added to his/her final compensation.

9.2 Sick Leave

(a) Accrual. All regular full-time employees, except provisional and temporary employees, shall accrue sick leave at the rate of eight (8) hours for each month of completed service.

All regular employees, except provisional and temporary employees, scheduled to work less than a full month shall accrue sick leave on a prorated basis. Unused sick leave shall accrue from year to year. Employees shall continue to accrue sick leave while off duty on authorized sick leave; provided, however, an employee shall not accrue sick leave during any leave or leaves of absence without pay granted to the employee.

(b) Usage. Employees are entitled to sick leave pay for those days which the employee would normally have worked, to a maximum of the hours accrued, described as:

Preventive medical, dental, optical care, illness, injury or exposure to contagious disease which incapacitates the employee from performing normal work duties. This includes disabilities caused or contributed by pregnancy, miscarriage,

abortion, childbirth and recovery therefrom.

(c) Family Sick Leave. Employees may utilize up to one-half of their annual sick leave accrual in the case of illness or injury in the employee's immediate family when such illness or injury requires personal care that otherwise would not be covered by the FMLA or CFRA leaves.

Such leave shall be restricted to the employee's parents, spouse, mother-in-law, father-in-law, child, stepchild, brother, sister, brother-in-law, sister-in-law, grandparent and grandchild, legal dependant, and registered domestic partnership.

In special cases, with the approval of the Director of Human Resources, a department head may grant the use of sick leave in other circumstances.

It is not the intent of this provision to conflict with any state or federally mandated policies, such as the Family Medical Leave Act (FMLA), the California Family Rights Act (CFRA), or Pregnancy Disability Leave (PDL).

(d) Reporting Procedures for Sick Leave. When the requirement for sick leave is known to the employee in advance of the absence (for example, including but not limited to scheduled medical, dental or vision appointments), the employee shall request authorization for such sick leave from the department head prior to such absence.

If an employee is not able to report due to illness or injury, the employee shall report as soon as possible to the appropriate supervisor, but in no case more than thirty (30) minutes after the start of the work day, except for extenuating circumstances prohibiting giving notice.

Failure to notify as soon as possible and in conforming to the thirty (30) minute notification shall be cause for the following disciplinary action:

(1) For the first time within a six (6) month period, a Memorandum of Discussion.

(2) For the second time within a six (6) month period, a Letter of Reprimand.

(3) For any subsequent time within a six (6) month period, suspension from work; or at any time four (4) or more incidents occur within a six (6) month period, the employee may be discharged.

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The six (6) month period will be defined as six (6) months from the most recent incident. If no other incident occurs within six (6) months of the most recent incident, the disciplinary data will be removed from the employee's active file.

(e) Verification Procedures

(1) Before being paid for the use of accrued sick leave, the employee shall submit a signed statement to the department head, on a prescribed form, stating the dates and hours of absence, the exact reason, and such other information as is necessary for the request to be evaluated. If an employee doesn't return to work prior to the preparation of the payroll, other arrangements may be made with the department head.

(2) Doctor's Certificate or Other Proof. ~~If an employee's illness results in an absence from work for more than three (3) consecutive days, a doctor's certificate or other reasonable proof of illness may be required.~~

The Director of Human Resources ~~may make such sick leave usage reviews and may require such additional documentation including a physician's statement~~ **may require a doctor's certificate or other reasonable proof of illness** as he**/she** deems necessary ~~before approving the sick leave benefit.~~ **in order for an employee to receive an excused absence from work and sick leave pay. The employee shall be given notice prior to returning to work that he or she will be required to provide such documentation. Employees who have unscheduled absences due to illness on a scheduled work day preceding or following a holiday may be required to bring a doctor's certificate or other reasonable proof of illness in order to receive an excused absence and sick leave pay.**

(3) If the City has a reasonable basis to believe that an employee is abusing the sick leave benefit, the City or the employee's supervisor must first meet with the employee to: 1) explain the reasonable basis for the believed abuse, and 2) discuss the reasons for the employee's absence. The employee has the right to Union representation at such meeting. After such meeting, and depending on the factual circumstances, the City may:

(a) Place the employee on restricted sick leave for a period of not more than four (4) months, under the direction of the Director of Human Resources pursuant to section (e)(2) above;

(b) Suspend the employee without pay for up to five (5) days for abuse of sick leave; or dismissal from employment if a prior suspension involved abuse of sick leave;

(c) Place the employee in an employee assistance program, if agreed to by the employee.

(f) Use of Sick Leave While on Vacation. An employee who is injured or who becomes ill while on vacation may be paid for sick leave in lieu of vacation provided that the employee:

(1) Was hospitalized during the period for which sick leave is claimed, or

(2) Received medical treatment or diagnosis and presents a statement indicating disabling illness or injury signed by a physician covering the period for which sick leave is claimed.

(g) Payment for Unused Sick Leave for Unit Employees ~~Hired on or before June 30, 2011. Upon separation of employment by reason of death, service or disability retirement, the employee or the employee's estate will be paid 50% of the total unused sick leave balance as of June 30, 2011 at its current cash value as of June 30, 2011. Any sick leave accrued on or after July 1, 2011 shall have no cash value.~~ **Effective February 17 2012, all sick leave shall have no cash value upon separation of employment and employees shall not be allowed to cash out unused sick leave. Employees shall be eligible for CalPERS service credit for unused sick leave at retirement based on the PERS contract provisions in effect at the time of their hire.**

(h) ~~No Payment for Unused Sick Leave or Conversion to CalPERS Service Credit for Unused Sick Leave for Unit Employees Hired on or After July 1, 2011.~~

(1) ~~Unit employees hired on or after July 1, 2011 shall not receive any cash payout of sick leave nor are they eligible to convert unused sick leave towards CalPERS service credit as soon as administratively possible consistent with CalPERS amendment process~~.

9.3 Other Leaves with Pay

(a) Bereavement Leave. In the event of a death in the immediate family of an employee, the employee shall, upon request be granted up to three (3) days bereavement leave with pay without charge to his accumulated sick leave credits

or vacation eligibility. The Director of Human Resources may grant an additional two (2) days bereavement leave upon request which shall be charged against the employee's accumulated sick leave credits in cases where extensive travel is required to attend the funeral. For the purposes of this paragraph, the immediate family shall be restricted to the employee's parents, spouse, mother-in-law, father-in-law, child, stepchild, brother, sister, brother-in-law, sister-in-law, grandparent, ~~and~~ grandchild, and **registered** domestic partner.

In the event of the death of a person not immediately related to an employee as defined above, the employee's department head may grant up to three (3) days bereavement leave upon request which shall be charged against the employee's accumulated sick leave credits.

(b) Court Appearance. Upon approval by the department head, an employee, other than a provisional or temporary employee, shall be permitted authorized absence from duty for appearance in Court because of jury service, in obedience to subpoena or by direction of proper authority, in accordance with the following provisions:

Said absence from duty including necessary travel time, will be **for actual hours served** ~~with full pay for each day the employee serves~~ on jury duty or testifies as a witness in a criminal case, other than as a defendant. As a condition of receiving such pay, the employee must remit to the City, through the employee's department head, within fifteen (15) days after receipt, all fees received except those specifically allowed for mileage and expenses.

~~Jury duty or witness duty appearances shall be considered in terms of "whole days" (8 hours) or "half days" (4 hours) of service.~~ If an employee is not due to appear for jury duty or as a witness until an afternoon court session, the employee will be expected to work his usual morning schedule. If an employee is required to appear for a morning court session and is sent home before noon and not required to return in the afternoon, the employee will be expected to work his usual afternoon schedule.

Said absence from duty will be without pay when the employee appears in private litigation to which the City of Stockton is not a party.

Any fees allowed, except for reimbursement of expenses incurred, shall be remitted to the City through the employee's department head.

Notwithstanding the foregoing, attendance in court in connection with an employee's official duties or in behalf of the City of Stockton in connection with a case in which the City of Stockton is a party, together with travel time necessarily

involved, shall not be considered absent from duty within the meaning of the Section.

(c) Military Leave. An employee of the City who is a member of the National Guard or Naval Militia or a member of the Reserve Corps or Force of the Federal Military, Naval or Marine Service and is ordered to duty shall be granted leave with pay while engaged therein, provided the leave does not exceed thirty (30) days in any calendar year.

All regular employees in the service of the City shall be allowed leave of absence without pay for duration of a national emergency who have been inducted into the Army, Navy, Marine Corps, Air Force or any other branch of the Military Service of the United States or the State of California. Said employees shall be reinstated in the position they held when they were inducted into Military Service, except as hereinafter stated, providing they are physically fit as shown by a medical examination by the City Physician or other physician appointed to make a medical examination.

In the case of a probationary employee having served a minimum probationary period of six (6) months at the time of induction, it shall be optional with the department head and the City Manager to grant regular status to said employee before induction.

All probationary employees inducted into Military Service not having served the minimum probationary period of six (6) months, or having served the minimum probationary period of six (6) months, but not having received regular status shall be allowed leave of absence without pay for the duration of a national emergency, but said employees shall be placed at the head of the eligible list for such position in the order of their seniority of employment and when appointed to a vacant position, they must be physically fit as above specified and shall serve the balance of their probationary period before attaining the status of a regular employee.

Two (2) or more regular employees granted military leave of absence without pay from the same position shall be reemployed according to their seniority of employment providing they are physically fit as above specified.

9.4 Workers' Compensation Leave

(a) Workers' Compensation Benefits shall be provided in accordance with State law and schedules whenever an employee is absent from duty because of disability caused by illness or injury arising out of and in the course of employment which has been declared to be compensable under the Workers'

Compensation Law.

(b) Forms and Procedures. Workers' compensation processing shall be consistent with City procedures and in accordance with state workers' compensation regulations. **An employee who sustains a work-related injury or illness shall immediately inform his/her supervisor no matter how minor an on-the-job injury may appear. An employee who sustains a work-related injury or illness is required to seek medical care at facilities designated by the City unless they have filed a pre-designation of personal physician prior to sustaining the work-related injury or illness. For a list of City designated medical care facilities and/or physicians, please contact Human Resources**.

9.5 Leave of Absence Without Pay

(a) Entitlement. Employees shall not be entitled to leave of absence without pay as a matter of right, but only upon the determination of the City that the granting of such leave is in the best interest of public service and that there is a presumption that the employee intends to return to work upon the expiration of the leave of absence. The granting of a leave of absence provides the employee the right to return to the position vacated.

(b) Approval. All leaves of absence without pay must be recommended by the department head and approved by the Director of Human Resources. No such leave may extend beyond twelve (12) months, except in the case of absence due to job incurred disability where a determination may be made based upon the needs of public service, or in the event an application for service connected disability retirement has been filed.

(c) Leaves of absence without pay for illness may only be approved following the expiration of entitlement of sick leave and vacation where applicable.

9.6 Absence Without Official Leave (AWOL)

(a) Refusal of Leave or Failure to Return after Leave. Failure to report for duty or failure to report for duty after a leave of absence request has been disapproved, revoked, or canceled, or at the expiration of a leave, shall be considered an absence without official leave.

(b) Voluntary Resignation. Any employee in this bargaining unit absent without official leave for two (2) or more consecutive days without a satisfactory explanation shall be deemed to have voluntarily resigned from the City of Stockton. An employee must provide a written statement to the Human

Resources Department regarding a "satisfactory explanation", within ten (10) calendar days after the City mails a notice of voluntary resignation to the employee's last known address.

Section 10. Days and Hours of Work

10.1 Workweek

The normal workweek in this unit consists of five (5) consecutive eight (8) hour days or a total of forty (40) hours, generally Monday through Friday in a seven (7) day work period. Where operational requirements of a department require deviations from this schedule, the department head with City Manager approval may institute alternate work schedules as long as the City meets with the Union over the impact of such schedules and conforms to work period requirements of the Fair Labor Standards Act.

10.2 Meal Periods and Rest Periods

(a) Employees shall receive a one (1) hour or one half-hour ~~or on half-hour~~ (1/2) meal period, without pay, each day and a fifteen (15) minute paid rest period during the first half of the work day and a second fifteen (15) minute paid rest period during the second half of the work day. Employees who exceed the time limits prescribed above for lunch and/or rest periods shall have their pay reduced accordingly.

(b) Where operational requirements of a department require deviations from this schedule, meal periods of other durations and alternate rest periods may be instituted with the approval of the Department Head or Designee.

10.3 Reporting to Work

Repeated failure to report to work on time may result in appropriate discipline as set forth below:

(a) For the first time in a six (6) month period, a Memorandum of Discussion.

(b) For the second time within a six (6) month period, a Letter of Reprimand.

(c) For any subsequent time within a six (6) month period, suspension from work; or at any time four (4) or more incidents occur within a six (6) month period, the employees may be discharged.

If an employee reports to the work site after the designated starting time, the employee will be paid only for time actually worked; however, the employee may

be allowed to utilize annual leave for lost pay, provided the employee's supervisor approves.

Any Memorandum of Discussion or Letter of Reprimand regarding tardiness which is more than six (6) months old will be removed from the personnel file upon request.

Section 11. Overtime

11.1 Overtime Authorization

All compensable overtime must be authorized by the department head or his designated representative in advance of being worked. If prior authorization is not feasible because of emergency conditions, a confirming authorization must be made on the next regular working day following the date on which the overtime was worked.

11.2 Definition

The following provisions pertaining to authorized overtime work shall apply to those employees whose normal work period is eight (8) hours per day and forty (40) hours per week:

(a) **Statutory overtime shall be paid on actual time worked in excess of forty (40) hours in any workweek. Such overtime shall be paid for at time and one-half (1-1/2) including employees employed on a per hour or per day basis or except as provided elsewhere herein.** ~~Time worked in excess of forty (40) hours in any workweek shall be paid for at time and one-half (1-1/2) including employees employed on a per hour basis or except as provided elsewhere herein. Time worked shall include time paid for pre-approved leaves.~~ **Furlough hours shall be considered as actual time. Sick leave, vacation, holiday, or other time taken as compensated time off shall not be considered as actual time worked.**

[Language from 2008 Settlement Agreement except for **bold and underlined**]

(b) On a holiday observed by the City an employee shall be paid for a regular day plus time and one-half (1-1/2) for actual time worked not to exceed eight (8) hours including employees employed on a per hour or per day basis, or except as provided elsewhere herein.

~~(c) Any time worked in excess of eight (8) hours on a holiday observed by the City shall be paid for at double time and one-half (2-1/2) except for employees~~

~~employed on a per hour or per day basis, except as provided elsewhere herein.~~

(c) ~~(d)~~ The City may require mandatory overtime when operational needs if the City dictate the need to work such overtime. Work in excess of forty (40) hours in any workweek will be paid at time and one-half pay or CTO in accordance with Section 11.4 (b).

11.3 Standby Duty

When warranted and in the interest of the City operation, department heads or **their** designee may assign employees to "standby" status.

(a) Application of "standby" shall be as follows:

(1) Each employee so assigned to "standby" shall be provided with a communication device while on standby and shall be able to report to the work site with best efforts within 30 minute; in no event longer than forty-five (45) minutes.

(2) Employees on standby shall have the option to trade **hours** ~~days and/or weeks~~ of standby status with another qualified employee in the same unit or division with departmental approval.

(3) Standby shall be assigned in a minimum of eight (8) hours blocks, i.e., Monday - Friday work week standby can be 8, 16, 24 hour blocks. The block of standby will be to one (1) person per 24 hour period.

Standby for weekends i.e., Saturday, Sunday or extended holiday weekends (Friday – Sunday, or Saturday - Monday) will be assigned 8 - 48 hour blocks to one (1) person per weekend (up to 72 hours for holiday weekend).

(b) Compensation of "standby" shall be as follows:

(1) Employees assigned to standby duty shall be paid **$3.00 per hour** ~~two (2) hours for every eight (8) hours of standby~~ **while assigned to be on standby. An employee shall earn** ~~and~~ time and one-half (1- 1/2) for all actual time worked while on standby duty status **only if eligible for overtime as defined in Section 11.2 above. An employee shall not continue to receive the "standby" premium during actual time worked, or for any hours paid as overtime or call back**. **Standby is not**

considered as time in "paid status because of work performed" for purposes of calculating overtime.

~~(2) Employees assigned to standby duty status on holidays observed by the City shall be paid two (2) hours for every eight (8) hours of standby, time and one-half (1-1/2) for all actual time worked while on standby duty status, and double time and one-half (2-1/2) for all actual time worked in excess of eight (8) hours while on standby duty status.~~

11.4 Call Back

Employees called back to work from off duty status, the employee shall be compensated for a minimum of two (2) hours and forty-five (45) minutes pay at time and one-half (1-1/2) or actual time worked at time and one-half (1-1/2), **if eligible for overtime as defined in Section 11.2, above**, whichever is greater.

To be eligible for call-back pay, both of the following conditions must be met:

(a) The call-back must occur outside of the employee's regular work hours; including overtime.

(b) The call-back time worked must not be contiguous to the employee's regular work hours; including overtime.

(c) An employee is ineligible to receive a premium for both standby and call back. For example, employees shall not receive standby pay for hours in which they are paid overtime or call back pay.

11.5 Compensatory Time

(a) Definition. As used in this Section, the term Compensatory Time refers to that time which an employee is entitled to be absent from duty with pay for hours worked in addition to or excess of their normal work schedule.

(b) Accrual. For hours in excess of forty (40) hours in a seven (7) day work period, for which the employee is in a paid status, Compensatory Time may be earned at the rate of time and one-half (1-1/2). No more than eighty (80) hours (forty (40) hours worked at time and one-half [1-1/2]) may be carried on the books at any time.

(c) Use. Use of Compensatory Time shall be scheduled with due

consideration for the wishes of the employee and so as to not interfere with the normal operation of City business. Approval of requests for use of Compensatory Time shall be at the sole discretion of the department head, but once approved, cannot be changed unless an emergency situation arises.

(d) Payment. Once eighty (80) hours of Compensatory Time is accrued on the books, all other hours worked in excess of forty (40) hours in a seven (7) day work period will automatically be paid.

Any Compensatory Time balance remaining at the end of a fiscal year will automatically be paid.

11.6 Meal Allowance

The City shall provide a meal allowance of FIFTEEN DOLLARS AND NO CENTS ($15.00) for an employee who is held over and works a minimum of four (4) hours. Employees called back to work or called back from a day off with less than two (2) hours notice shall qualify for the FIFTEEN DOLLARS AND NO CENTS ($15.00) meal allowance when they work a minimum of four (4) hours. Extension of the work schedule or call-back must be properly authorized by the employee's supervisor or other designated personnel.

Section 12. Holidays

12.1 Qualifying for Holiday Pay

All regular employees, excluding provisional and temporary employees, shall be entitled to take all authorized holidays at full pay not to exceed eight (8) hours for any one (1) holiday.

12.2 Holidays Observed by the City

(1) January 1 ..... New Years' Day
(2) Third Monday in January (FLOATING) ..... Martin Luther King Jr.'s Birthday
(3) Second Monday in February (FLOATING) ..... Lincoln's Birthday
(4) Third Monday in February (FLOATING) ..... Washington's Birthday
(5) March 31 (FLOATING) ..... Cesar Chavez Birthday
(6) Last Monday in May ..... Memorial Day
(7) July 4 ..... Independence Day
(8) First Monday in September ..... Labor Day
(9) Second Monday in October (FLOATING) ..... Columbus Day
(10) November 11 ..... Veteran's Day

(11) Fourth Thursday in November..... Thanksgiving
(12) The day following the day known as Thanksgiving
(13) December 25.....Christmas Day
~~(14) Employee's Birthday (FLOATING)~~

~~FLOATING holidays to be used within calendar year.~~

~~In addition, a day appointed by the President or Governor as a public holiday shall be observed by the City.~~

If any of said holidays fall on a Sunday, the following Monday shall be observed as a holiday. If any of said holidays fall on a Saturday, the preceding Friday shall be observed as a holiday.

In order to receive Holiday Pay the employee must be in a paid status the day before and the day after the holiday.

12.3 Compensation for Holidays Worked

Prior approval for holiday work must be secured from the City Manager except in emergency situations where said approval cannot be obtained beforehand.

12.4 Holiday Cash Out Upon Separation

When an employee is separated from the service between February 17, 2012 and July 1, 2014, the employee's remaining holiday allowance, if any, shall be paid as follows:

(a) Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated holiday hours.

(b) On the one year anniversary of employee's separation, he/shall shall receive the second payment of one third (1/3) or $10,000, whichever is greater of the balance of his/her unused accumulated holiday hours.

(c) On the second year anniversary of employee's separation he/she shall receive payment for the balance of the unpaid accumulated holiday hours.

(d) **Employees who are involuntarily separated shall have their remaining holiday allowance, if any, added to his/her final compensation.**

Section 13. Compensation and Allowance Other Than Base Salary

13.1 Public Employee Retirement System Benefits for Unit Employees hired on or before June 30, 2011.

(a) The City will pay seven percent (7%) of the employee's current base salary (employee's contribution) and other compensation as qualified by State law towards the Public Employees' Retirement System (P.E.R.S.). Such amounts will be applied to the employee's individual account in accordance with California Government Code section 20615.

(b) The City's P.E.R.S. retirement plan is two percent (2%) at age 55.

(c) The City's P.E.R.S. retirement plan is modified to reflect California Government Code section 20930.3 (Military Service Credit as Public Service) and section 20930.33 (Military Service Credit for Retired Persons) effective upon adoption by Stockton City Council and Board Administration of the P.E.R.S.

(d) The City will ~~make application to~~ provide P.E.R.S. California Government Code section 20692 (Employer Paid Member Contributions Converted to Payrate during the Final Compensation Period) as added P.E.R.S. benefits. At the beginning of employee's last year of employment, the employee will pay their employees' seven percent (7%) benefit cost through an automatic payroll deduction. The City will increase the base salary for those employees by the same seven percent (7%) for the last twelve (12) months of employment. Internal Revenue Service (IRS) Code 414H(2) will be concurrently implemented with P.E.R.S. California Government Code section 20692, to be effective upon adoption by the Stockton City Council and P.E.R.S. Administration Board.

The City will ~~make application to~~ provide P.E.R.S. California Government Code section 20965 (Credit for Unused Sick Leave) as added P.E.R.S. benefits, to be effective upon adoption by the Stockton City Council and P.E.R.S. Administration Board.

The City will ~~make application to~~ provide P.E.R.S. California Government Code section 21574 (Fourth Level of 1959 Survivor Benefits) as added P.E.R.S. benefits, to be effective upon adoption by the Stockton City Council and P.E.R.S. Administration Board.

The City will provide PERS California Government Code section 21335 up to a 5% Annual Cost-of-Living Allowance, as added PERS benefit.

(e) Effective August 1, 2011, employees hired on or before June 30, 2011 shall pay seven (7%) of the employee's current base salary and (employee contribution) and other compensation as qualified by state law towards the Public Employees' Retirement System (P.E.R.S.) towards employer's share of cost for P.E.R.S. pension on a post-tax basis in the form of a payroll deduction. The City will seek an IRS private letter ruling to determine whether or not the IRS permits the employee's contribution to the employer's share of pension cost to be treated on a pre-tax basis. If the IRS issues a private letter ruling allowing employee's contribution towards employer pension cost on a pre-tax basis, the City will change the deduction from post-tax to pre-tax as soon as administratively possible after the IRS final determination.

13.2 Public Employee Retirement System Benefits for Unit Employees hired on or after July 1, 2011.

The City will contract with P.E.R.S. to provide a new second tier retirement program of 2% at 60 with three year average salary formula and no other additional P.E.R.S. benefits for all unit employees hired on or after July 1, 2011 or as soon as administratively possible consistent with P.E.R.S. contract process. Effective July 1, 2011 all unit employees hired on or after July 1, 2011 shall pay the entire seven percent (7%) of the employee's current base salary and any other compensation as qualified by state law towards P.E.R.S. retirement benefit through a payroll deduction.

13.3 Uniforms

(a) The City shall provide uniforms for all employees assigned to this unit **who are required to wear uniforms during the course of work**.

(b) Safety Protective Footwear Reimbursement Allowance. Employees required to wear safety protective footwear in accordance with City Manager's Administrative Directive PER-034, and approved for safety protective footwear reimbursement, the City will authorize safety protective footwear reimbursement in the amount of TWO HUNDRED DOLLARS ($200.00)

13.4 Preventive Shots

Those employees in the Municipal Utilities Department whose work assignments involve potential exposure to hazardous waste water shall, at the employee's option, be provided all necessary medical immunization available for the

prevention of job incurred illness.

13.5 Special Driver's License Pay

Job classifications requiring a Class A and/or Class B Driver's License or Hazmat endorsement will receive special pay equal to one and one-half percent (1-1/2%) of top step of job classification.

Special Driver's License Pay will only be implemented with the concurrent implementation of the Operating Engineers' Local No. 3 - City of Stockton, Drug/Alcohol Safety Program.

13.6 Longevity Pay

Effective August 1, 2011, longevity pay shall be eliminated. However, the City shall grandfather only those employees who completes twelve (12) continuous years of service with the City as of July 1, 2011, with two and one-half percent (2.5%) of top salary step of the employee's pay range to the employee as a longevity incentive pay allowance. **As of July 1, 2012, longevity incentive pay allowance for these grandfathered employees shall be reduced to one and one-quarter percent (1.25%). As of June 30, 2013, longevity incentive pay allowance for these grandfathered employees shall be eliminated altogether.**

13.7 Credit Union

The City will accommodate payroll deduction to Operating Engineers' Local No. 3 Credit Union, within the limitations of City payroll system. Any modification costs will be borne by Operating Engineers' Local No. 3.

13.8 Education, Training and Development.

The City will provide internal and external training programs on a wide variety of subjects. Employee participation will be based on subject matter relevance to job requirements, budgetary constraints and workload demands. Tuition or registration and other related costs will be paid by the City at 100% in accordance with City directives HR-21 and Finance-08.

13.9 Certification, Certification Training and Special Certifications

(a) Certification dues or fees required of employees in their specialized fields of work will be reimbursed by the City at the actual costs. Pre-approved training(s) to maintain a job related certification will be paid at 100 percent by the

City. The City will pay for two attempts at passing the test.

(b) The City will offer a one time add pay off the salary line for employees who receive State certification for water, wastewater, distribution, or CWEA. All employees are eligible to obtain certification in Water and Wastewater.

Water, Wastewater	Water Distribution	CWEA	One Time Add Pay
5	4	4	$1,000.00
4	3	3	$500.00
3	2	2	$125.00
2	1	1	$100.00
1			$75.00

A maximum of two certification levels will be paid by the City in a calendar year to any one employee. Certifications (at State specific levels) will be required for some positions. Loss of certifications shall result in the employee being demoted to the level according to their certification level. The employee will be moved back to his or her former level if he or she obtained the necessary certification within 12 months. Any employee who loses or is denied a certification shall notify his or her supervisor within seven (7) calendar days, and shall submit a copy of any notice received from the state or any other agency.

(c) Add on pays will be issued to employees with the following special certifications:

Crane	$0.30
Backflow	$0.75

(d) An employee who receives and maintains a level 4 or 5 Waste Water Operator Certification will receive the following quarterly amounts added to his or her monthly paychecks for Level V and Level IV certifications.

Level IV	$1,000.00
Level V	$2,000.00

(e) Employees who are employed in the classification of Water/Sewer Equipment Operator and possess a Grade D1 Distribution Operator Certificate issued by the California Department of Health Services shall receive an additional three percent (3%) of base pay.

Section 14. Insurance Plans and Retirement Benefits

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14.1 Health and Welfare Benefits

(a) Choice of Health Plans. Employees in this bargaining unit shall have a choice of enrolling themselves and their eligible dependents in any of the City sponsored medical, dental and visions plans or Operating Engineer Health and Welfare Trust Fund Plan (PPO Plans A, B, C, and D, and Kaiser HMO Plans A and B). The City shall offer two or more medical plans to regular employees.

(b) Eligibility. Employees shall become eligible for Medical insurance on the first day of the month subsequent to completion of thirty (30) days of continuous service with the City. Employees shall become eligible for Dental insurance on the first day of the month subsequent to completion of sixty (60) days continuous service with the City. **An eligible employee and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/registered domestic partner or another eligible City employee, but not both. If an employee is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee plan (i.e., an employee and his or her dependent cannot be covered by more than one City-offered health plan).**

(c) City Contribution towards the cost of insurance programs. Effective September 1, 2011:

The City shall contribute up to $481.00 per month toward the cost of the monthly premium for employee-only medical/dental/vision plan coverage.

The City shall contribute up to $875.00 per month toward the cost of the monthly premium for employee plus one dependent medical/dental/vision plan coverage.

The City shall contribute up to $1,165.00 per month toward the cost of the monthly premium for employee plus two or more dependents medical/dental/vision plan coverage.

These contributions are based on full-time employment; regular part-time employees shall receive a prorated contribution based on their percentage of full-time employment. Insurance plan premiums that exceed the City's monthly contribution shall be paid by the employee through payroll

deductions. The City shall maintain its IRS 125 Plan to allow for employee contributions for medical/visions/dental to be pre-tax premium conversion.

(d) Plan Rules. Employees may insure themselves and their eligible dependents under the medical, vision and dental plans provided by the City, in accordance with the rules and regulations applicable to the selected Plan. Benefits in the Plan shall be in accordance with the Plan document.

(e) Provisional and temporary employees are not eligible for any of the above benefits.

(f) Employees that promote, demote, or transfer from a classification in the Operations and Maintenance unit to an unrepresented classification shall continue to have the option to retain the Operating Engineers' Local No. 3 Health and Welfare Plan.

(g) Employees agree to the implementation of the modifications to the City's Modified Plan, which is referred to in this MOU as "Modified Employee Medical Plan." Modifications to the City's Modified Plan shall be effective September 1, 2011.

14.2 Long Term Disability Insurance

The City shall provide, at no cost to the employee, long term disability insurance coverage. ~~Essentially, this is an income protection plan which provides disability income for employees including~~ **Plan benefits shall be as described in the Plan document, but shall include:**

(a) Each disability – sixty-six and two thirds percent (66 2/3%) of salary **up to the maximum salary replacement amount as specified in the City's long term disability plan.**

(b) Disability income payments shall commence ~~after the employee has utilized all sick leave benefits to which the employee is entitled or~~ after **ninety (90)** a ~~thirty (30)~~ day waiting period. **Employees may use sick leave and other leave balances to cover this waiting period, or leave without pay.** ~~whichever is longer~~.

(c) Benefit payable until age sixty-five (65).

(d) The City ~~will provide, at no expense to the employee,~~ **shall continue its normal contribution for employee medical premiums** ~~medical coverage for a period of~~ **during the** ninety (90) days **waiting period**. ~~For the purpose of this~~

~~section, medical coverage shall commence immediately after the employee has utilized all sick leave benefits to which the employee is entitled.~~

14.3 Life Insurance

Effective July 1, 2012, ~~T~~ **t**he City shall provide, at no cost to the employee, a term life and a accidental death and dismemberment insurance policy **with a value of $50,000.** ~~equal to one and one-half (1-1/2) times the employee's annual salary~~.

14.4 Retirement Medical Allowance

(a) Eligibility. An eligible retiree and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/registered domestic partner or another eligible City employee/retiree, but not both. If an employee/retiree is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee or retiree's plan (i.e., a retiree and his or her dependent cannot be covered by more than one City-offered health plan).

~~For employees hired on or before June 30, 2011, at retirement only, an employee with fifteen (15) years of continuous City service and who has attained the age of fifty (50) will be provided medical coverage consisting of hospitalization, medical and prescription benefits for the retiree and one (1) dependent until age sixty-five (65) and includes changes to the modified plan effective September 1, 2011. Employees hired on after July 1, 2011 shall not be afforded any retiree medical program coverage by the City.~~

(b) City Contribution for the Period July 1, 2012 Through June 30, 2013. Effective July 1, 2012, for employees hired on or before June 30, 2011, at retirement only, the City shall provide to employees retiring from the City the following contribution towards the costs of retiree medical insurance:

(1) Employees retiring with over 10 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $150 a month towards the cost of retiree medical insurance.

(2) Employees retiring with over 20 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $300 a month towards the cost of retiree medical insurance.

(3) Employees retiring with over 30 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $450 a month towards the cost of retiree medical insurance.

(4) Employees with less than 10 years of service for the City shall not be eligible for a city contribution towards retiree medical and may not be enrolled in the City sponsored plans.

(5) Benefits for part time employees who retire are prorated based on their full time equivalent.

(6) The City contributions shall end with the death of the retiree and no survivor benefits are provided.

(7) Retirees who are enrolled in city-sponsored plans may not enroll their eligible dependents at their own expense.

The City's obligation for retiree medical benefits is to the retiree and shall end upon the death of the retiree. Surviving spouses shall not be eligible for any city paid benefit after the death of the city retiree. Any benefits previously paid to surviving spouses has been paid in error and without the approval of the City Council.

(c) Elimination of Retiree Medical Program Effective June 30, 2013. Effective June 30, 2013, the City shall no longer provide a contribution towards the cost of retiree medical insurance for current employees (future retirees) and current retirees. Retirees shall not be eligible to participate in the City's medical plans.

~~14.5 Retirement Medicare Supplemental Plan for Employees hired on or before June 30, 2011 Only~~

~~Employees who become eligible for the Retirement Medical Allowance, pursuant to section 14.4, will, at age 65, become eligible for Medicare Supplemental Coverage under the City's Modified Employee Medical Plan, which includes changes to the modified plan effective September 1, 2011. Coverage will be supplemental and secondary to Medicare (reduced by any amounts payable to Medicare). This lifetime benefit is provided to the employee and the employee's spouse. The employee shall be responsible for paying any associated costs for obtaining Medicare coverage Part A and Part B. Employees hired on or after~~

~~July 1, 2011 shall not be afforded any Retirement Medical Allowance, pursuant to section 14.4 and shall not be afforded any Medicare supplemental coverage under the City's Modified Medical Plan.~~

14.5 Alternative Retirement Medical Plans

The parties have negotiated that employees may choose to enroll in one or more additional health plans instead of the City Modified Plan (including but not limited to Kaiser Senior Advantage).

This language sets forth the conditions in which current employees, when they retire from the City and otherwise qualify for a retiree medical benefit from the City as stated in Sections 14.3 and 14.4 of this MOU, may also choose to enroll in City sponsored alternative plans in the same manner as when they were employees, as well as retiree only medical plans. The following conditions shall apply:

(a) **If an employee is in a City sponsored alternative plan at the time of retirement, the employee shall be allowed to continue in that Plan. Employees in the union sponsored plans authorized by the City at the time of retirement shall be allowed to continue in that Plan. (Operating Engineers units).**

(b) **Employees not in an alternative Plan at the time of retirement shall not be allowed to enroll in any alternative plan except that; any retiree may voluntarily enroll in a City sponsored retiree only Plan.**

A retiree may only enroll in alternative plans other than the City Modified Plan when:

(a) The retiree selecting plans other than the City's Modified Plan must agree that the City's financial contribution to a premium payment for any other Plan shall not exceed the current contribution amount the City would pay if the retiree is enrolled in the City Modified Plan, and

(b) The individual retirees will be required to sign a form that indicates their agreement with these conditions.

The City reserves the right to eliminate these additional plans and the choice of multiple plans is not a vested right. Like the City Modified Plan, the City reserves the right to make plan design changes as necessary in these Alternative Plans.

14.6 Medicare Supplemental Coverage Requirements only for Employees Hired on or Before June 31, 2011.

The City reserves the right to terminate reimbursement payments for Part A Medicare coverage, in which event the retiree will receive the City's modified medical plan which includes medical design changes effective September 1, 2011 as the primary health coverage, with the premiums for such coverage to be paid by the City. The coverage provided pursuant to this section shall apply to the retiree and his/her spouse

Under the federal Health Care Reform Plan, sponsors may modify the medical benefits provided to retirees only. The City will modify its retiree health care plan to reflect the following:

(a) Return Plan benefits for Acupuncture to 12 visits per year (instead of unlimited) and returns the payment percentage paid to 60% (instead of 80%);

(b) Return Plan benefits for Alcohol and Drug Treatment admissions to 30 days and 3 lifetime admissions (instead of unlimited);

(c) Return Plan benefits for Outpatient Mental Health or Nervous Disorder services to 15 visit maximum (instead of unlimited);

(d) Change Plan benefits for Preventative care and wellness to 80% instead of current 100%;

(e) Return Plan benefits on the lifetime cap on plan benefits to $2.5 million (instead of unlimited);

(f) Return Plan benefits on the maximum age of dependent children to be enrolled in the Plan to age 19 unmarried, and not serving in the armed forces to 23 if attending school full time and qualifies as a dependent for federal income tax purposes.(instead of age 26); and

(g) Change Plan benefits for Emergency room benefits.

14.**7**~~6~~ Long-Term Care

Employees can purchase optional long term care coverage from PERS to cover home care and nursing home care. The premiums rates are established by PERS based on the age of the participant.

~~14. 7 Health Reimbursement Account – HRA~~

~~As soon as administratively possible, the City will contribute an amount equal to five and one half percent (5.5%) of the employee's current base salary that was previously contributed to deferred compensation and redirect that same contribution into an IRS qualified HRA for each employee to use for reimbursement of current and retiree medical cost reimbursements.~~

Section 15. Salaries

15.1 Salary Rates

There will be no salary increases during the term of this contract.

The salary table for all employees in the aforementioned representation unit will be as set forth in Appendix "A," which is attached hereto and made a part hereof and shall represent the salaries in effect as of **July 1, 2012** ~~April 12, 2011~~.

The rates of pay set forth in Appendix "A" do not include reimbursement for actual and necessary expenses for traveling, subsistence and general expenses authorized and incurred incident to City employment.

15.2 Work Furloughs

(a) ~~96~~ **48** Furlough Hours in Fiscal Year ~~2011-2012~~ **2012-2013 and Fiscal Year 2013-2014**. Each bargaining unit employee shall take ~~ninety six (96)~~ **forty eight (48)** furlough hours (leave from work without pay).

(b) Equalized Payroll Deductions. Payroll deductions for the ~~ninety six (96)~~ **forty eight (48)** furlough hours described in section 15.2, paragraph (a) above, shall be equalized so that each bargaining unit employee shall have ~~four (4)~~ two **(2)** hours at the employee's regular hourly rate of pay deducted from each of the twenty four (24) pay warrants of each fiscal year.

(c) Furlough Banks. Effective the pay period beginning July 1, 201**2** ~~1~~, the City shall create for each employee a furlough bank of ~~ninety-six hours (96)~~ **forty eight (48)**. Furlough bank hours have no cash value and any furlough hours deducted and banked but not taken as time off by June 30, 201**3** ~~2~~, shall be forfeited by the employee. Furlough time off shall be approved by the department.

(d) Furlough days shall be considered time worked for the purposes of overtime.

(e) If a furlough is scheduled before or after a City holiday, the employee will, nevertheless, be eligible for holiday pay.

(f) Separation from City Service before June 30, 201**3** ~~2~~. Any employee who separates from City service before the final four (4) hour furlough deduction on July 7, 201~~2~~**3** for the pay period ending June 30, 201~~2~~**3**, and after having used furlough hours, shall have his or her final compensation reduced by the sum of the number of furlough hours the employee has actually used minus the number of furlough hours actually deducted from the employee's pay warrants multiplied by the employee's regular hourly rate of pay. **Conversely, any employee who separates from City service before June 30, 2013, having suffered furlough deductions in excess of the actual number of furlough hours the employee has used, shall have his or her final compensation credited by like amount.**

15.3 Salary upon Appointment

Except as herein otherwise provided, the entrance salary for a new employee entering the classified service shall be the minimum salary for the class to which appointed. When circumstances warrant, the Director of Human Resources may approve an entrance salary which is more than the minimum salary for the class to which an employee is appointed. Such a salary may not be more than the maximum salary for the class to which that employee is appointed.

15.4 Salary Equivalents

Any monthly, daily or hourly rate of pay may be converted into an equivalent rate of pay, or to any other time bases when, in the judgment of the City Manager, such a conversion is advisable. In determining equivalent amounts on different time bases the City shall provide tables or regulations for the calculation of payment for service of less than full time, and for use in converting monthly salaries to hourly rates, as well as for calculating hourly rates. Overtime rate and premium pay shall be calculated according to the provisions of the Fair Labor Standards Act.

15.5 Salary Step Plan

(a) There shall be five (5) to seven (7) salary steps in each range.

The first step shall be the minimum rate and shall be the normal hiring rate for

the class. (In a case where a person possesses unusual qualifications, the Director of Human Resources may authorize appointment above the first step after receiving the recommendation of the department head. The same provision shall apply to hourly paid and part-time employees.)

If a department head recommends to withhold increases to salary steps two (2) through seven (7) because an employee has not achieved the level of performance required, notice must be received by the City Manager at least four (4) weeks in advance of the employee's eligibility date. The affected employee shall be furnished a copy of the department head's recommendation. Failure to abide by the above four-week limitation shall not automatically cause a step increase to be granted; however, if an employee does not receive notice by the actual anniversary date, the increase shall be automatically granted.

The second step shall be paid upon the satisfactory completion of six (6) months service at the first step.

The third step shall be paid upon the satisfactory completion of one (1) year service at the second step.

The fourth step shall be paid upon the satisfactory completion of one (1) year service at the third step.

The fifth step shall be paid upon the satisfactory completion of one (1) year service at the fourth step and upon written recommendation of the department head.

The sixth step shall be paid upon the satisfactory completion of one (1) year service at the fifth step and upon written recommendation of the department head.

The seventh step shall be paid upon the satisfactory completion of one (1) year service at the sixth step and upon written recommendation of the department head.

Regardless of an employee's length of service, step advancements in any given class may be made upon recommendation of the department head with the approval of the Director of Human Resources, but not above Step No. 7 for a given range.

Salary step increases shall be effective the first day of the pay period following appointment or revision. If the date of appointment or revision is the first day of a pay period, salary step increases shall be as of that date.

Changes in an employee's salary because of promotion, demotion, postponement of salary step increase or special merit increase will set a new salary anniversary date for that employee, which date shall be as stated in the preceding paragraph.

Salary range adjustments for a classification will not set a new salary anniversary date for employees serving in that classification.

(b) Salary Step Entry-Level Classifications. The City Manager may create a ten percent (10%) salary step reduction to any entry-level classification represented by this bargaining unit. The next and all subsequent salary steps shall be paid upon the satisfactory completion of one (1) year service at current salary step.

15.6 Salary Step after Military Leave

All employees who have been granted military leave shall, upon their return to the City service, be entitled to the automatic salary advancements within the range of their classification for the period they were in the military service.

15.7 Salary Step When Salary Range is Increased

Whenever the monthly schedule of compensation for a class is revised, each incumbent in a position to which the revised schedule applies shall be entitled to the step in the revised range which corresponds to the employee's step held in the previous range, unless otherwise specifically provided for by the Director of Human Resources.

15.8 Salary Step After Promotion or Demotion

(a) When an employee is promoted from a position in one class to a position in a higher class, and at the time of promotion is receiving a salary equal to, or greater than, the minimum rate for the higher class, that employee shall be entitled to the next step in the salary scale of the higher class which is "approximately" five percent (5%) above the employee's current salary, except that the next step shall not exceed the maximum salary of the higher class.

(b) When an employee is demoted, whether such demotion is voluntary or otherwise, that employee's compensation shall be adjusted to the salary prescribed for the class to which demoted.

(1) If the salary of the employee is reduced for cause or

disciplinary reasons, the employee shall receive the salary at the same step prior to promotion.

(2) If the salary of the employee is reduced through no fault of the employee (i.e., layoff), the salary at demotion shall be at the nearest lower salary to that which was received prior to the demotion.

15.9 Transfer

An employee may be transferred from a class in one department, or to a position of the same class in another department, or to a comparable class, with the approval of both the employee and Department Heads. In the case of a comparable class, the employee must be qualified, as determined by the Director of Human Resources. The Director of Human Resources, in making such a determination, must assure that the maximum salary rate for the classes in question must be equal to or less than the employee's current top step salary, and shall consider, among other things, whether the employee possesses the minimum qualifications for such class, and is able to demonstrate through education, experience, or successful completion of pertinent tests, that he/she is qualified for the transfer. If the transfer involves a change from the jurisdiction of one appointing authority to another, both must consent thereto.

15.10 Salary on Reinstatement

If a former employee is reinstated in the same position previously held or to one carrying a similar salary range, the employee's salary shall not be higher than the salary at the time of separation unless there has been an increase within the salary range.

If a former employee is reinstated to a position in a lower class, the employee's salary shall be set at the same step previously held, but in the pay range of the lower classification.

15.11 "Y" Rate

When an employee's classification is changed to a lower paid classification as the result of a classification study or other action, the employee may be placed on a "Y" rate. A "Y" rate means that the monthly compensation for the employee shall remain in effect until such time as further changes in the pay range of the new classification exceeds the "Y" rate.

15.12 Acting Pay

(a) General Provisions. Any employee in this unit who is assigned by a supervisor to work in a higher paid classification for two (2) or more hours in one (1) day, shall receive the rate of pay in the step of the higher classification which would have been received if the employee had been promoted into that classification, or at least five percent (5%) more than the employee's salary in the present classification, whichever is greater. Out-of-class assignment pay during overtime status will commence at the first hour worked.

(b) When there is an existing promotional eligibility list, and acting pay assignment is expected to be for more than twenty (20) work days, acting pay shall be assigned from the top three (3) on the promotional eligibility list. If the assignment is for twenty work days or less, the highest ranking employee on the promotional list within the division shall be assigned. When there is no eligible list, section (c) below shall apply.

(c) If there is no existing list, acting pay selection shall be made from the five (5) most qualified employees in the section.

(1) Sections are defined, for the purpose of this clause only, as the sub-groups listed:(a) Water, (b) Sewer, (c) Wastewater Operations, and (d) Wastewater Maintenance; and

(2) Qualifications for the purpose of this Section, as determined by the department head or designee, shall include all the following equal factors:

(a) Seniority in grade within any class immediately below the vacant position.

(b) Worker experience relative to the vacant position.

(c) Prior job performance and attendance.

(d) Certificates or other formal qualification devices such as eligibility lists.

If all things are equal based on above factors, the seniority within the City shall be considered.

(3) The opportunity for acting Pay shall be rotated among the five (5) most qualified employees within each section.

(d) Assignments from other than a promotional eligibility list shall not exceed 120 days per fiscal year per employee.

15.13 Special Assignment Pay

The City Manager may approve additional compensation in an amount not to exceed one additional salary step when an employee is assigned in writing by the supervisor to perform additional duties and responsibilities for the duration of the special assignment.

Any Senior Plant Operator who is assigned in writing by an appropriate authority to assume supervisory authority over another Senior Plant Operator shall receive an additional five percent (5%) special assignment pay per shift when so assigned.

15.14 Special Certification Pay

Water Systems Operator and/or Senior Water Systems Operators who posses a Distribution Operator Certificate issued by the California Department of Health Services shall receive an additional three percent (3%) of base pay.

[CITY WILL DELETE LETTER OF UNDERSTANDING ON SPECIAL CERTIFICATE PAY SINCE THE LANGAUGE ON THE 3% PREMIUMS HAS BEEN INTEGRATED.]

Section 16. Severability of Provisions

In the event that any provision of this Memorandum of Understanding is declared by a court of competent jurisdiction to be illegal or unenforceable that provision of the Memorandum of Understanding shall be null and void but such nullification shall not affect any other provisions of this Memorandum of Understanding, all of which other provisions shall remain in full force and effect.

In the event that Federal legislation changes the current applicability of the Fair Labor Standards Act, both parties agree to consult and/or confer on the impacts of such legislation to the extent required by law.

Section 17. Past Practices and Existing Memoranda of Understanding

Continuance of working conditions and practices not specifically authorized by ordinance or by resolution of the City Council is not guaranteed by this Memorandum of Understanding.

This Memorandum of Understanding shall supersede all existing Memoranda of

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Understanding between the City and the Union.

Section 18. Scope of Agreement

Except as otherwise specifically provided herein, this Memorandum of Understanding including Appendices "A", "B", and "C" which are attached to this Agreement and by this reference incorporated herein, ~~and~~ fully and completely incorporates the understanding of the parties hereto and constitutes the sole and entire agreement between the parties on any and all matters subject to meeting and conferring. ~~Neither party shall, during the term of this Memorandum of Understanding, demand any change therein nor shall either party be required to negotiate with respect to any matter; provided that nothing herein shall prohibit the parties from changing the terms of this Memorandum of Understanding by mutual agreement.~~

Section 19. Duration of Agreement

This Memorandum of Understanding shall be effective the date of execution through June 30, 201**3** ~~2~~.

Section 20. Maintenance of Operations/City Rights

(a) It is recognized that the need for continued and uninterrupted operation of City services is of paramount importance. Therefore, the Union and each employee represented thereby agrees that from the date of execution, through exhaustion of the impasse process/mediation/fact finding as set forth in the Employer/Employee Relations Resolution Section 12 (g) the Union or any person acting in its behalf, or each employee in a classification represented by the Union, shall not cause, authorize, engage in, encourage, or sanction a work stoppage, slowdown, refusal of overtime work, refusal to operate designated equipment (provided such equipment is safe and sound), or picketing, other than informational picketing, against the City or the individual or concerted failure to report for duty or abstinence from the full and faithful performance of the duties of employment, including compliance with the request of another labor organization or bargaining unit to engage in such activity in an attempt to induce a change in wages, hours, and other terms and conditions of employment.

(b) An employee shall not be entitled to any wages or City paid benefits whatsoever if the City Council, by majority vote, determines to its satisfaction, that the employee is, or has, engaged in any activity prohibited by subsection (a) of this Section. The City may take other action which it deems appropriate.

(c) If the City Council, by majority vote, determines to its satisfaction, that subsection (a) of this Section has been violated by the Union, the City may take such remedial action as it deems appropriate.

(d) The Union recognizes the duty and obligation of its representatives and members to comply with the provisions of this Memorandum of Understanding and to make every effort toward inducing all employees in this unit to fully and faithfully perform their duties. In the event of any activity prohibited by subsection (a) hereinabove, the Union agrees to take supererogatory steps necessary to assure compliance with this Memorandum of Understanding.

The rights of the City as set forth in Section 5 of Resolution No. 32,538, dated August 4, 1975, are incorporated herein by reference.

IN WITNESS WHEREOF the parties hereto have executed this Memorandum of Understanding on this ____ day of _____ 20**12**.

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OPERATING ENGINEERS LOCAL UNION NO. 3 of the International Union of Operating Engineers, AFL-CIO

By: _____
JOE SANTELLA
Its: Business Representative

By: _____
DON DIETRICH
Its: Director of Public Employee Division

By: _____
ORLANDO LOBOSCO
Its: Member

By: _____
LOREN TEMME
Its: Member

By: _____
RICHARD STIFFLER
Its: Member

CITY OF STOCKTON, a municipal corporation

By: _____
.
Its: City Manager

By: _____
Its: Director of Human Resources & Employee Relations Officer

By: _____
Its: Assistant Director of Human Resources

By: _____
Its: Deputy Director of Human Resources

APPROVED AS TO FORM:

CITY ATTORNEY

By: _____
Deputy City Attorney

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APPENDIX B
SIDE-LETTER OF AGREEMENT
Exhibit A & B Employees

Provisions in this APPENDIX B Side Letter of Agreement pertain only to Employees identified in Exhibit A and cannot be amended, changed, or deleted unilaterally by either party. However, nothing contained herein prohibits the parties from mutually agreeing to changes, but neither party can be compelled to negotiate and/or agree to any changes to this Appendix B, Side-Letter of Agreement.

Section 1 – Re-employment and Employment

The City shall provide regular full-time employment at the City's municipal wastewater utility and water utility to all of the employees listed in Agreement electing to accept such employment effective March 1, 2008.

Section 2 – Terms and Conditions of Re-employment and Employment

(a) City's offer of employment and re-employment shall be unconditional, and shall not be subject to other health, competency or other test, fact, or circumstances relating to an individual employee.

(b) All service with OMI/Thames Water will be counted as service with the City.

~~(c) Transfer of Leave Balances – City will accept all sick leave and vacation balances transferred from the OMI/Thames Water to City for the employees in this Agreement.~~

(c) ~~(d)~~ Waste Water Certification – Employees outside of the Waste Water Division who hold Waste Water II or higher certification and are available for short-term assignment to the waste water facility will receive an additional five percent (5%) of the top step, which shall be PERS reportable earnings. Certification must be kept current. Employees who decline short-term assignments to the waste water facility subject to department guidelines will lose this additional pay.

~~Section 3 – Supplemental Retirement Contribution and Benefit~~

~~The City shall contribute an amount necessary to fund a supplemental retirement benefit for Exhibit A employees. The supplemental retirement benefit shall be developed and administered by the Public Agency Retirement Services ("PARS") benefit and shall be based on the following criteria:~~

(a) Only employees listed in Exhibit A shall be eligible to participate;

(b) Commencing March 1, 2008, employees must complete at least one (1) year of continuous City of Stockton service to be eligible for the PARS benefit;

(c) The PARS benefit shall be paid only to those employees listed in Exhibit A who retire from the City in accordance with rules and criteria established pursuant to PERS and the MOU in effect between the City and the OE3;

(d) The benefit level paid to each eligible employee shall be based on their retirement category as identified in Exhibit A based on the following formula:

(1) Categories 1, 2 and 3: All actual years of service (prior City of Stockton only, OMI and City of Stockton years of service as of March 1, 2008 prospectively) x 0.6%.

(2) Category 4: Actual years of service with OMI x 2.0%; actual years of service with City of Stockton as of March 1, 2008 prospectively x 0.6%.

Benefits shall accrue and be paid in accordance with the PARS plan document adopted by City Council.

Section 4 – Compensation and Benefits – Exhibit B Employees Only

(a) Sick Leave – Sick leave accrual shall be unlimited. Upon death or retirement, accrued sick leave transitioned from OMI/Thames Water in excess of 240 hours shall be available to employees for the sole purpose of use in the event of illness and/or service credit with PERS.

(b) Vacation Hours – Employees identified in Exhibit B shall be entitled to carry over their bank of hours of vacation, in addition to the maximum allowed pursuant to Article 9.1(a)(6) – Vacation Leaves of Operations and Maintenance Unit Memorandum of Understanding. Employees who have in excess of the maximum allowable carryover by December 31, 2008, shall be allowed to cash out said excess vacation.

(c) Employees identified in Exhibit B will be afforded active and retiree medical with no premium costs.

(d) The maximum dental allowance per calendar year shall be $2,500 per member at 80/20 co-pay (20% co-pay per member). The lifetime maximum orthodontia (50%) allowance shall be $2,500 per member.

(e) Employees identified in Exhibit B shall receive fully paid City Health Plan

~~(Medical, Vision, and Dental) or the option of the fully paid OE3 Medical Plan Schedule A.~~

IN WITNESS WHEREOF, the parties hereto have executed Appendix B, Side-Letter of Agreement and shall become effective _____ day of _____ 2008.

OPERATING ENGINEERS LOCAL UNION NO. 3 of the International Union of Operating Engineers, AFL-CIO

By:_____

Its: Business Representative

By: _____

Its: Member

By: _____

Its: Business Manager

By: _____

CITY OF STOCKTON,
a municipal corporation

By:_____

Its: City Manager

By:_____

Its: Director of Human Resources & Employee Relations Officer

By:_____

Its: Assistant Director of Human Resources

By: _____

Its: Deputy Director of Human Resources

APPROVED AS TO FORM:

CITY ATTORNEY
By:_____

Its: Deputy City Attorney

Its: President

By: _____

Its: Recording Corresponding Secretary

By: _____

Its: Director of Public Employee Division

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CITY OF STOCKTON

MEMORANDUM OF UNDERSTANDING

TRADES AND MAINTENANCE UNIT

Operating Engineers' Local 3, AFL-CIO and representatives of the City of Stockton have met and conferred in good faith regarding wages, hours and other terms and conditions of employment of employees in the representation unit identified in Section 1, have exchanged freely information, opinions and proposals and have endeavored to reach agreement on all matters relating to the employment conditions and employer-employee relations of such employees.

This Memorandum of Understanding is entered into pursuant to the Meyer-Milias-Brown Act (Government Code sections 3500-3510) and has been jointly prepared by the parties.

This Memorandum of Understanding shall be presented to the Stockton City Council as the joint recommendations of the undersigned for salary and benefit adjustments for the period commencing July 1, ~~2010~~ **2012** and ending June 30, 201**3** ~~2.~~

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Table of Contents will be updated once the agreement is finalized.

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Section 1. Recognition

Operating Engineers' Local 3, AFL-CIO, hereinafter referred to as the "Union," is the recognized employee organization for the Trades and Maintenance Unit, certified pursuant to the Employer-Employee Relations Ordinance (Stockton Municipal Code §§ 2-200, *et seq.*).

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Section 2. Union Security

2.1 Dues Deduction

(a) General. The Union may have the regular dues of its members within the representation unit deducted from employees' paychecks under procedures prescribed by the City for such deductions. The Union has the exclusive privilege of dues deduction for its members.

Authorization, cancellation or modification of payroll deductions shall be made upon forms provided or approved by the City. The payroll deduction authorization shall remain in effect until canceled or modified by the employee by written notice to the City or until the first day of the calendar month following the transfer of the employee to a unit represented by another employee organization as the representative of the unit to which the employee is assigned, or until employment with the City is terminated.

Additional authorization shall not be required for deduction of increased membership dues when such increase has been duly approved by the membership of the Union. Notification of such approval shall be forwarded to the City in the form of written notice on official Union letterhead and signed by the duly authorized Union official. Upon receipt of notification, the City shall authorize the payroll deduction of the increased amount.

If an employee is promoted to a position which is represented by another employee organization or to an unrepresented unit, membership dues for the former unit will not be deducted from the employee's paycheck by the City.

Amounts deducted and withheld by the City shall be transmitted to the officer designated in writing by the Union as the person authorized to receive such funds, at the address specified.

In addition to the deduction of dues, the City will deduct from the paychecks of Union members who request it, premiums for group insurance and investment plans sponsored by the Union. Such deductions shall be made in one lump sum and only upon signed authorization from the employee upon a form satisfactory to the City. ~~Such authorizations may be made or changed no more frequently than twice yearly.~~

[MODIFICATION FROM 2009 SIDE LETTER RE: UNION SECURITY ARRANGEMENT.]

The employee's earnings must be sufficient after all other required deductions are made, to cover the amount of the deductions herein authorized. When an employee is in a non-pay status for an entire pay period, no withholdings will be made to cover that pay period from future earnings nor will the employee deposit the amount with the City which would have been withheld if the employee had been in pay status during that pay period. In the case of an employee who is in a non-pay status during a part of the pay period, and the salary is not sufficient to cover the full withholding, no deduction shall be made.

In this connection, all other required deductions have priority over the employee organization deduction.

(b) Indemnity and Refund. The Union shall indemnify, defend and hold the City harmless against any claim made and against any suit initiated against the City on account of check off of Union dues or premiums for benefits. In addition, the Union shall refund to the City any amounts paid to it in error upon presentation of supporting evidence.

2.2 Agency Fee

(a) Employee Rights

(1) The City and the Union recognize the right of employees to form, join, and participate in lawful activities of employee organizations and the equal, alternative right of employees to refuse to form, join and participate in employee organizations. Neither party shall exert pressure upon or discriminate against an employee in the exercise of these alternative rights.

(2) Accordingly, membership in the Union shall not be compulsory. A unit member has the right to choose, either: to become a member of the Union; or, to pay to the Union a fee for representation services; or, to refrain from either of the above courses of action upon the grounds set forth in Section (f) below.

(b) Unit Members' Obligation to Exclusive Representative

(1) A bargaining unit member who does not fall within one (1) of the exempted categories as set forth in Section (f) below, and who has not voluntarily made application for membership in the Union within the sixtieth (60) day following the date upon which said employee has been formally hired by the City as a bargaining unit employee, must as a condition of continued employment in the City pay to the Union a

representation fee, in exchange for representation services necessarily performed by the Union in conformance with its legally imposed duty of fair representation on behalf of said unit member who is not a member of the Union.

(2) In the event that a unit member does not become a member of the Union or pay such fee directly to the Union, the City shall begin automatic payroll deduction. There shall be no charge to the Union for such mandatory agency fee deductions.

(3) Prior to beginning such automatic payroll deduction, the Business Representative of the Union will certify to the City in writing that the employee whose pay is to be affected by the deduction has: 1) refused to join the Union; and 2) has refused to tender the amount of the agency fee as defined herein; and 3) has not applied for an exemption under Section (f) herein. In addition the Union must also certify that it has provided the employee with a copy of the fee verification required by Section (e) herein.

(c) Definition of Agency Fee

(1) The agency fee collected pursuant to Section (b) above from unit members who are not members of the Union shall be an amount not to exceed the standard initiation fee, periodic dues and general assessments of the Union for the duration of this Agreement, minus any amount which is prohibited by the Constitution because such funds pay for political or ideological purposes not related to collective bargaining.

(2) Any dispute as to the amount of the representation fee shall be resolved pursuant to the provisions of Section (h) herein.

(d) Exceptions. Unit members on leave without pay and unit members who are in laid-off status shall be exempt from these provisions herein; except that the election as to membership or payment of a fee as set forth herein must be exercised within the first ten (10) work days upon return to paid status.

(e) Annual Verification of Agency Fee by the Union. Prior to January 31, of each year and before the collection of an agency fee from any unit member pursuant to these provisions herein, the Union shall submit a written certification to the fee payers verifying that the total amount of its representation fee conforms to Section (c) above, and itemizing all component parts of such fee which shall provide an adequate explanation

for the basis of the fee. Each year such amount shall be verified and submitted in writing to the fee payers by the Union prior to January 31st. The Union will submit a copy of such verification to the Director of Human Resources of the City. The parties agree that such annual verification is a condition precedent to the collection by either the City or the Union of a representation fee from a unit member.

(f) Employees Exempted From Obligation to Pay Union

(1) Any unit member shall be exempt from the requirements of Section (b) above, if such employee has a bona fide religious objection as defined by Section 3502.5 of the Government Code to the payment of any fee in support of a Union or "employee organization" as defined in Section 3540.1(d) of the Government Code.

(2) Such exempt unit member shall, as an alternative to payment of a representation fee to the Union, pay an amount equivalent to such representation fee to:

a. United Way.
b. American Cancer Society.
c. Any charity jointly agreed in writing by the parties.

(3) If a unit member desires to be exempted for reasons set forth in Section (f) herein, the unit member must first request such exemption in writing from the Union setting forth briefly the rationale for the exemption. If the Union notifies the unit member in writing that the Union will not honor the request, then the matter shall be referred automatically to a panel for determination according to the procedure set forth below. The panel shall be composed of one (1) person selected by the Union, one (1) person selected by the unit member, and an arbitrator selected by the parties chosen from a list submitted by the State Conciliation Service. If either one or both parties fail to nominate a panel member, the process of hearing will continue without that party's panel member.

(4) The panel shall first receive arguments and evidence from the unit member requesting the exemption. Thereafter the Union may present any arguments or evidence. The proceedings shall be conducted in an informal manner, and the rules of evidence will not apply. The arbitrator shall act as chair and rule on all matters before the panel with the exception of the final determination of the panel. The panel shall prepare a written decision within fifteen (15) calendar days of the completion of the hearing which shall be final and binding upon the parties. Any expenses

of the panel shall be borne by the parties incurring them.

(5) Upon receipt of the decision of the panel, the City shall release any funds held in escrow to the Union or to the charity. Any decision by the panel shall apply for the duration of this Memorandum of Understanding.

(6) In addition, the Union may require such exempt unit member to submit proof of payment of an amount equivalent to such representation fee to one (1) of the alternative funds or organizations listed above. If the bargaining unit member has not provided payment, the City will institute deductions pursuant to Section (b)(2), and forward such monies to a charity listed in Section (f)(2).

(7) Such payments shall be made on or before January 31, of each year or no more than thirty (30) days after commencing duties for any newly hired employee.

(g) Escrow Account. If any unit member either disputes the amount of the fee or disputes whether or not an exemption was appropriately denied, the City shall deposit the fee which was deducted and place such amount into a special escrow account established by the Union for such purposes.

(h) Procedure for a Unit Member Who Contests the Amount of the Fee

(1) The parties agree that in order to provide a uniform definition of the representation fee, any disputes involving the amount of such fee shall be referred to the Union's procedure for determination, provided that the parties have first complied with the other provisions of this Section.

(2) The Union shall notify the City in writing within twenty (20) days after it becomes aware that any employee disputes the amount of the fee.

(3) The Union will verify in writing to the City that all of the conditions of Section (b)(3) have been met prior to the City's initiation of the fee deductions set forth in Section (b)(2). Thereafter, the City will notify the affected employee in writing that such deductions will commence and a copy of the Union's written verification will be attached to the City's notice. Thereafter, the City will begin the deductions.

The monies held in escrow shall be released to the appropriate party upon the rendering of a final decision by the Union's internal procedure.

(i) Payment Method/Payroll Deduction

(1) A unit member may voluntarily sign and deliver to the City a written assignment authorizing deduction of the properly established representation fee as defined in Section (c) above, subject to the conditions set forth elsewhere in this agreement for payroll deductions, or the amount of the fee will be deducted automatically in accordance with Section (b)(2) herein.

(2) The City is under no obligation to make payroll deductions for the periods during which a unit member is either terminated from active employment, or not on the City's active payroll for any reason, including, but not limited to, layoff and voluntary leave of absence for more than thirty (30) days.

(3) Upon the rehiring of any unit member, or upon the recalling of any unit member from layoff status, the City will resume or initiate dues deductions for such unit member.

(j) Obligations of Parties

(1) City's Obligations. The City's obligation under this Article is to notify any unit member who has failed to comply with the provisions of this Section that, as a condition of continued employment with the City, such unit member must become an Union member, or pay a representation fee, or establish an exemption status and make payment pursuant to provisions of Sections (b) and (f) of this Agreement. Under no circumstances shall the City be required to dismiss or otherwise discipline any unit member for failure to fulfill their obligations to pay the fees established herein.

(2) Union's Obligations. Except as specified herein, the Union and not the City, shall be responsible for requiring unit members to fulfill obligations defined herein. It is the obligation of the Union to collect any representation fees which may be due and payable to the Union in consideration for its services as the exclusive representative of unit employees.

(k) Hold Harmless Provision. The Union shall hold the City harmless, and shall fully and promptly reimburse the City for any fees, costs, charges or penalties incurred in responding to or defending against any claims, disputes, challenges, whether formal or informal, which are actually brought, or attempted or threatened to be brought, against the City or any of its agents, or employees, in connection with the interpretation, application, administration or enforcement of any Section of this

Agreement pertaining to representation fee. Such reimbursement shall include, but not be limited to, court costs, litigation expenses, and attorney's fees incurred by the City. The City shall have the right to be represented by its own attorney in any action in which it is a named party to the action. Disputes over the amount of reimbursement shall be automatically submitted to the arbitration provisions of this Memorandum, Section 8.3(e).

2.3 Use of City Facilities

(a) The Union shall be allowed by the City department in which it represents employees' use of space on available bulletin boards for communications having to do with official Union business, such as times and places of meetings, provided such use does not interfere with the needs of the department. The Union may submit to the City Employee Relations Officer written communications having to do with official Union business for distribution by the City to identified shop stewards. Distribution may be by e-mail.

(b) Any representative of the Union shall give notice to the department head or designated representative when contacting department employees on City facilities during the duty period of the employees, provided that solicitation for membership or other internal Union business shall be conducted during the non-duty hours of all employees concerned. Pre-arrangement for routine contact may be made with individual department heads and when made shall continue until revoked by the department head.

(c) City buildings and other facilities may be made available for use by City Employees of the Union or their representatives in accordance with such administrative procedures as may be established by the City Manager or department heads concerned.

2.4 Advance Notice

Except in cases of emergency, reasonable advance written notice shall be given to the Union if affected by any ordinance, resolution, rule or regulation directly relating to matters within the scope of representation proposed to be adopted by the City and shall be given the opportunity to negotiate if requested with the designated management representatives prior to adoption.

In cases of emergency when the foregoing procedure is not practical or in the best public interest, the City may adopt or put into practice immediately such measures as are required. At the earliest practicable date thereafter the Union shall be provided with the notice described above and be given an opportunity if

requested to negotiate changes to said notice with the management representatives designated by the City Manager.

2.5 Attendance at Meetings by Employees

City employees who are official representatives or unit representatives of the Union shall be given reasonable time off with pay to attend meetings with City management representatives, or be present at City hearings where matters within the scope of representation or grievances are being considered. Such employee representatives shall submit a request for excused absence to their respective department heads, in a manner satisfactory prior to the scheduled meeting whenever possible. **Time spent for these purposes while a representative is not scheduled to work shall not be compensated by the City and shall not be considered as hours worked.** Except by mutual agreement the number of the employees excused for such purposes shall not exceed three (3) per recognized bargaining unit.

~~Time spent for this purpose during the representative's scheduled hours of work shall count as hours worked. Time spent for this purpose which may exceed the representative's regularly scheduled hours of work shall be compensated as overtime or compensatory time.~~

2.6 Maintenance of Membership

All employees in the Trades and Maintenance unit who are members of the Union, tendering periodic dues at the execution of this agreement, and all employees who thereafter become members of the Union shall, as a condition of employment, pay dues to the Union for the duration of this Memorandum of Understanding, and each year thereafter. For a period of thirty (30) days prior to January 1, 1989, and thirty (30) days prior to any January 1, thereafter, any employee in the aforementioned unit who is a member of the Union shall have the right to withdraw from the Union discontinuing dues payments and retain employment in the City, subject to provisions of Section 2.2. Agency Fee. Said withdrawal shall be communicated by the employee in writing to the City. The provisions of this section shall be operative only to the extent that they are permissible under California law.

2.7 Assignment of Classifications

New job classifications established by the City shall be assigned to the bargaining unit pursuant to section 2-208 of Employer-Employee Relations Ordinance (Stockton Municipal Code §§2-200, *et seq.*) after providing notice and the opportunity to consult with the Union regarding such matters.

Section 3. Compliance with Federal Laws/Safety

3.1 Non-Discrimination. The City and the Union agree that there shall be no discrimination of any kind because of **age (over 40),** race, creed, color, religion, national origin **(ancestry), veterans status, physical or mental disability, marital status, sexual orientation,** sex **(sexual, gender based, pregnancy/childbirth)**, political affiliation or legitimate union activity **or on any other basis prohibited by applicable federal and State law** against any employee or applicant for employment. **In addition, the Union shall cooperate with the City, to the extent authorized by federal and State laws and regulations, in furthering the City's objective of promoting equal employment opportunities.** ~~; and to the extent prohibited by applicable State and Federal law there shall be no discrimination because of age~~.

3.2 Fair Labor Standards Act. The Union agrees to cooperate with the City to insure its members' compliance with the provisions of the Fair Labor Standards Act.

3.3 Safety. The Union shall cooperate with the City in promoting safety objectives as defined in Federal, State and local regulations by actively supporting safety programs, promoting safe work habits of members and encouraging an ongoing, active participation by its members in safety related procedures and practices as offered and promulgated by the City of Stockton.

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Section 4. Probation

4.1 Purpose

The probationary period shall be utilized for closely observing the employee's work, for securing the most effective adjustment of a new employee to a position, and for rejecting any probationary employee whose performance does not meet the required standards of work.

4.2 Original Entrance and Promotional Positions

All original and promotional appointments shall be tentative and subject to a probationary period of six (6) months, unless a longer probationary period is stated in the class specification. The probationary period may be extended up to an additional six (6) months in those cases where the appointing authority and the Director of Human Resources agree that such extension would be beneficial to the employee and the City.

4.3 Retention/Rejection of Probationer

At the end of the probationary period, if the service of the probationary employee has been satisfactory to the appointing authority, then the appointing authority shall file with the Director of Human Resources a statement in writing to such effect and stating that the retention of such employee in the service is desired. The City will make a good faith effort to notify a probationary employee two (2) weeks before the end of the probationary period whether or not regular status is granted; however, a failure on the part of the appointing authority to file such a statement at the end of the probationary period shall constitute a rejection of the probationer as defined in Civil Service Rules.

During the probationary period an employee may be rejected at any time by the appointing authority. Any employee rejected during the probationary period following a promotional appointment, shall be reinstated to the position from which promoted unless charges are filed and the employee is discharged in the manner provided in Section 7 of this Memorandum of Understanding and in the Civil Service Ordinance and Civil Service Rules, which are consistent therewith.

4.4 Alcohol and Drug Testing. All original and reemployed appointments must pass a drug and alcohol screening prior to being offered City employment. This shall include non-represented part-time, seasonal, provisional, and temporary appointments.

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Section 5. Layoff

5.1 Layoff

Any employee may be laid off by an appointing authority in the event of the abolition of the employee's position by the City Council, or if a shortage of work or funds requires a reduction in personnel.

5.2 Layoff Scope

(a) Layoffs shall be within departments of the City.

(b) Departments of the City are defined as follows:

(1) City Attorney
(2) City Auditor
(3) City Clerk
(4) City Manager
(5) Community Development
(6) Community Services
(7) Financial Management
(8) Fire
(9) Housing and Redevelopment
(10) Human Resources
(11) Information Technology
(12) Library
(13) Municipal Utilities
(14) Police
(15) Public Works

5.3 Notice of Layoff

The City will give advance written notice of at least one pay period to employees who will be laid off.

5.4 Precedence by Employment Status

(a) No regular employees shall be laid off while employees working in an extra help, seasonal, temporary, provisional, or probationary status are retained in the same classification as such regular employee. The order of layoff among employees not having regular status shall be according to the following categories:

(1) Limited term (i.e., part-time, provisional, and temporary)
(2) Probationary

Layoffs shall be by job classification according to reverse order of seniority as determined by total service in the City, except as specified above. For the purpose of this procedure part-time classes shall be considered as separate from regular full-time classes.

The following provisions shall apply in computing total continuous service:

(1) Time worked in a regular or probationary status shall count as service.
(2) Time spent on military leave shall count as service in the event the leave was taken subsequent to entry.
(3) Time worked in a ~~l~~ limited term status (i.e., part-time, provisional, and temporary) shall not count as service.

If two (2) or more employees have the same seniority, the **order of seniority shall be determined by their respective ranking on the eligibility list for hire.** ~~the most recent performance evaluation shall determine seniority.~~

If two (2) or more employees have the same seniority~~,~~ **but were not hired from a ranked eligibility list, the order of seniority shall be determined by lot.** ~~and the same rating score from their performance evaluations, the date and time of initial application into civil service shall determine seniority.~~

If two (2) or more employees have the same seniority, but were hired from separate ranked eligibility lists, the order of seniority shall be determined by lot.

(b) Any employee in the Trades and Maintenance Unit who is laid off may complete a City employment application for any position currently staffed by a part time, provisional, or temporary employee. The Human Resources Department will evaluate the employment application. If the laid off employee meets the minimum qualifications of that position, he/she shall have the option of displacing the part time, provisional, or temporary employee.

5.5 Employee Options

Employees laid off shall have any of the following choices:

(a) Displacing the employee in the same department and in the same or clearly comparable classification as determined by the Director of Human Resources as having the least (total service) seniority. This option shall be exercised before any other option.

(b) Taking a voluntary demotion within the department to a classification in which the employee had prior regular status, thus displacing the employee working in the classification who has the least (total service) seniority.

5.6 Health and Welfare Benefits during Layoff

Regular employees who are laid off will have an option of maintaining their existing health and welfare benefits for thirty-six (36) months from the date of layoff, provided timely payments of the premiums by the employee are made to the City, according to City regulations, and provided the employee otherwise meets the requirements of Federal and State regulations.

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Section 6. Reemployment

(a) The name of each employee who is laid off in accordance with Section 5. shall be placed at the head of the eligibility list for the class of positions which that employee held, and shall be given preference in filling vacancies in that class.

(b) An employee laid off in accordance with this Section shall be placed on the eligibility list or lists for any lower or comparable class or classes in the same department, provided that the appointing authority and the department head in charge of this lower or comparable class determine that the employee is competent to perform the duties thereof in strict accordance with the class specifications. This right of a laid off employee shall remain effective for two (2) years from the date of latest separation from the service. The employee shall not be placed on said eligibility list or lists without first submitting a written request. Employee's place on said list or lists shall be at the head of the eligibility list for the class of positions for which qualified as hereinabove set forth and shall be given preference in filling vacancies except for those persons placed on said list or lists of reemployment in the same positions previously held. **An employee who waives reemployment shall have his/her name removed from this reemployment list unless mutually agreed to by the Department and employee.** Upon certification for appointment to a new position never having been held by this employee, the probationary period must be completed as required in this Memorandum of Understanding.

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Section 7. Discipline

Disciplinary action, including discharge, suspension, reduction in pay or demotion, may be taken against any employee for cause.

7.1 Predisciplinary Rights

An employee facing potential disciplinary action will be entitled to the following predisciplinary rights:

(a) Notice of proposed discipline.

(b) Date(s) proposed discipline will be effective.

(c) Reasons for the proposed discipline, the specific grounds and particular facts upon which the action is taken.

(d) Ten (10) calendar days in which an employee or the representative may respond either orally or in writing to the department head.

(e) The employee must be provided with any written materials, reports and documents upon which the action is based.

7.2 Administrative Leave

The City may place an employee on administrative leave pending the completion of the predisciplinary process.

7.3 Provisions

The appointing authority may discharge, suspend or demote any employee in the classified service provided the Stockton Municipal Code provisions and the rules and regulations of the Civil Service Commission and any applicable provisions of law are followed. Such provisions allow the employee suspended, demoted or discharged to appeal such action. The employee may take only one (1) of the following actions:

(a) File no appeal.

(b) File an appeal with the Civil Service Commission within ten (10) calendar days of written notification of the action. (Such filing will foreclose use of the grievance procedure.)

(c) File a grievance as provided for in Section 8 within ten (10) calendar days of written notification of the action.

If the employee fails to do (b) or (c) above within the prescribed time frames, these rights will have been waived.

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Section 8. Grievance Procedures

8.1 Definition

A grievance is any dispute which involves the interpretation or application of those rules, regulations and resolutions which have been, or may hereafter be, adopted by the City Council to govern personnel practices and working conditions, including such rules, regulations and resolutions as may be adopted by either the City Council or the Civil Service Commission to affect Memoranda of Understanding which result from the meeting and conferring process.

8.2 Filing Deadline

(a) No grievance involving demotion, suspension, discharge or other employment penalty will be entertained unless it is filed in writing with the Director of Human Resources within ten (10) calendar days of the time at which the affected employee received written notification of such action. All other grievances must be filed within thirty (30) calendar days from the time the employee knew or had reason to know of the facts giving rise to the grievance.

(b) With written consent of the City Manager or his/her designee and the Union Business Agent or his/her designee, time limits may be extended and/or Steps 1, 2 and/or 3 of the Grievance Procedure waived.

8.3 Grievance Processing

(a) Step 1 - Departmental Review. Any employee claiming to have a grievance may discuss the complaint with such management official in the department where employed as the department head may designate. If the issue is not resolved within the department within twenty (20) days from the day of presentation or if the employee elects to submit the grievance directly to the Union recognized as the representative of that employee's classification, or if the employee/Union official notifies the Director of Human Resources, in writing, that a grievance exists, the procedure hereinafter specified may be invoked.

(b) Step 2 - Director of Human Resources Review. If the employee is not satisfied with the response at level one, then the employee may appeal the grievance to the Director of Human Resources within twenty (20) calendar days of the receipt of written response at level one. Such appeal must state with particularity: 1) the specific policy, rule or provision which is alleged to have been violated; 2) the statement of facts comprising the violation; and 3) the requested remedy. The Union may file and process grievance(s) on behalf of the specifically named employee. The Director of Human Resources shall have

twenty (20) calendar days in which to investigate the issues, meet with the complainant and attempt to reach a satisfactory resolution of the problem. No grievance may be processed under the following two (2) paragraphs which has not first been filed and investigated in accordance with this paragraph, except for the resolution of compensation complaints.

~~(c) Step 3 - Adjustment Board. If the parties are unable to reach a mutually satisfactory accord on any grievance which arises and is present during the terms of this Memorandum of Understanding, within twenty (20) calendar days of the receipt of the level three response, such grievance shall be submitted to an Adjustment Board comprised of two (2) Union representatives, no more than one (1) of whom shall be either an employee of the City or an elected or appointed official of the Union and two (2) representatives of the City, no more than one (1) of whom shall be either an employee of the City or a member of the staff of any organization employed to represent the City in the meeting and conferring process.~~

(c) ~~(d)~~ Step 3 4 - Arbitration. If **the parties are unable to reach a mutually satisfactory accord on the grievance at Step 2** ~~an Adjustment Board is unable to arrive at a majority decision~~, within twenty (20) calendar days either the Union or the City may require that the grievance be referred to an impartial arbitrator mutually selected by the parties, or if the parties are unable to mutually agree, from a list of seven (7) arbitrators provided by the State Conciliation Service. The arbitrator shall be chosen by the alternative strike method, with first choice being determined by lot. The fees and expenses of the arbitrator and of a court reporter shall be shared equally by the Union and City. Each party, however, shall bear the cost of its own presentation, including preparation and post hearing briefs, if any.

(d) ~~(e)~~ Effect of Decision. Decisions of ~~Adjustment Boards and~~ arbitrators on matters properly before them shall be final and binding on the parties hereto except as provided otherwise herein.

8.4 Scope of Arbitration

(a) No ~~Adjustment Board and no~~ arbitrator shall entertain, hear, decide or make recommendations on any dispute unless such dispute involves a position in a unit represented by the Union and unless such dispute falls within the definition of a grievance as set forth in paragraph 8.1.

(b) Proposals to add to or change this Memorandum of Understanding or written agreements or addenda supplementary hereto shall not be arbitrable and no proposal to modify, amend or terminate this Memorandum of Understanding,

nor any matter or subject arising out of or in connection with such proposal, may be referred to arbitration under this Section. No ~~Board of Adjustment or~~ arbitrator selected pursuant to this Section shall have the power to amend or modify this Memorandum of Understanding or written agreements or addenda supplementary hereto or to establish any new terms or conditions of employment.

(c) No changes in this Memorandum of Understanding or interpretations thereof (except interpretations resulting from ~~Board of Adjustment or~~ arbitration proceedings hereunder) will be recognized unless agreed to by the Director of Human Resources and the Union.

8.5 Other Provisions

If the Director of Human Resources or City Manager, in pursuance of the procedures outlined above, resolves a grievance which involved suspension or discharge, they may agree to payment for lost time or to reinstatement with or without payment for lost time, but in the event the dispute is referred to arbitration and the arbitrator finds that the City had cause to take the action complained of, the arbitrator may not substitute his judgment for the judgment of management and if the findings are that the City had such right, the arbitrator may not order reinstatement and may not assess any penalty upon the City.

Complaints which allege the employee is not being compensated in accordance with the provisions of this Memorandum of Understanding shall be considered as grievances and processed pursuant to Section 8.3. Any other matters of compensation are to be resolved in the meeting and conferring process and if not detailed in the Memorandum of Understanding which results from such meeting and conferring process shall be deemed withdrawn until the meeting and conferring process is next open for such decision. No adjustment shall be retroactive for more than thirty (30) days from the date upon which the complaint was filed.

Specified time limits may be modified only in writing. All appeals and responses must be provided in writing.

A grievant will be provided release time without loss of pay for all required meetings with management. The City cannot discriminate or retaliate in any manner against an employee for filing a grievance or exercising rights under this Section.

The provisions of this Section shall not abridge any rights to which an employee may be entitled under the Stockton Municipal Code and/or Civil Service Rules

and Regulations, nor shall it be administered in a manner which would abrogate any power which, under the Stockton Municipal Code, may be within the sole province and discretion of the Civil Service Commission.

All grievances of employees in representation units represented by the Union shall be processed under this Section. If the Stockton Municipal Code and/or Civil Service Rules and Regulations requires that a differing option be available to the employee, no action under paragraph **(c)** ~~(d) or (e)~~ of Subsection 8.3 above shall be taken unless it is determined that the employee is not utilizing such option.

No action under paragraph (c) ~~or (d)~~ of Subsection 8.3 above shall be taken if action on the complaint or grievance has been taken by the Civil Service Commission or if the complaint or grievance is pending before the Civil Service Commission.

If any award by a ~~Board of Adjustment~~ or arbitrator requires action by the City Council or the Civil Service Commission before it can be placed in effect, the City Manager and the Director of Human Resources will recommend to the City Council or the Civil Service Commission, as appropriate, that it follow such award.

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Section 9. Leaves

9.1 Vacation Leaves

(a) Vacation Allowance. All regular employees, excluding provisional and temporary shall accrue vacation leave with pay in accordance with the following schedule:

(1) Less than one and one-half (1-1/2) years continuous employment ..... 80 hours/year.

(2) After one and one-half (1-1/2) to seven and one-half (7-1/2) years continuous employment ..... **108** ~~120~~ hours/year.

(3) After seven and one-half (7-1/2) to fifteen (15) years continuous employment ..... **144** ~~160~~ hours/year.

(4) After fifteen (15) to twenty-five (25) years continuous employment ..... **189** ~~200~~ hours/year.

(5) Thereafter, **seven (7)** ~~eight (8)~~ additional hours for each completed year of service in excess of twenty-five (25) years.

(6) Employees shall accrue vacation on a twice-monthly payroll basis

(b) Maximum Vacation Accrual. Employees reaching the maximum hours shall stop accruing additional hours until they are below the caps listed here. No vacation hours may be added to sick leave balances without exception. Effective July 1, 2012, the following maximum vacation accruals shall take effect. For employees who on July 1, 2012 have vacation balances that exceed their maximum shall have until June 30, 2013 to use sufficient vacation to get under the maximum allowed. If an employee does not get below the maximum by June 30, 2013, they shall retain their existing earned vacation, but shall not earn any additional vacation until they are under the maximum vacation accrual allowed.

Maximum Vacation Accrual Caps

40 Hour Employee

Under 1.5 years **120 hours (15 days for 8 hour shift)**

1.5 – 7.5 years	**240 hours (30 days for 8 hour shift)**
7.5 – 15 years	**280 hours (35 days for 8 hour shift)**
15 – 25 years	**320 hours (40 days for 8 hour shift)**
26 years	**328 hours (41 days for 8 hour shift)**
27 years	**336 hours (42 days for 8 hour shift)**
28 years	**344 hours (43 days for 8 hour shift)**
29 years	**352 hours (44 days for 8 hour shift)**

For every year of service beyond 29, the employee is allowed to add an additional seven (7) hours to the maximum accrual cap.

(c) ~~(b)~~ Vacation Scheduling. Vacation leaves shall be scheduled with due consideration for the wishes of the employee and so as to not interfere with the normal operation of the City business. Vacation requests are accepted on a day for day basis.

~~(c) Vacation Carryover Maximum. Employees shall be granted a maximum carryover of up to one-hundred and twenty (120) hours vacation more than the employee's regular vacation accrual for the preceding calendar year.~~

~~(d) Vacation Carryover in Excess of Maximum.~~

~~(1) Whenever an employee's accumulation of vacation hours exceed the maximum vacation carryover provision, the excess number of vacation hours shall automatically be credited to the employee's sick leave balance at the end of the calendar year.~~

~~(2) Employees may carryover unlimited vacation hours in excess of the maximum allowance when such vacation accrues while remaining in a pay status during a period of illness or injury which precluded liquidating vacation credits in excess of the maximum allowed.~~

(d) ~~(e)~~ Holiday during Vacation. If any such paid holidays fall within an employee's vacation leave, the employee will not be charged vacation accrual for that day.

(e) ~~(f)~~ Vacation Allowance for Separated Employees. **When an employee is separated from the service between February 17, 2012 and July 1, 2014, the employee's remaining vacation allowance, if any, shall be paid as follows:**

(1) Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated vacation hours.

(2) On the one year anniversary of employee's separation, he/she shall receive the second payment of one third (1/3) or $10,000, whichever is greater, of the balance of his/her unused accumulated vacation hours.

(3) On the second anniversary of separation, he/she shall receive the balance payment of the unused accumulated vacation hours.

(4) Employees who are involuntarily separated shall have their unused accumulated vacation hours, if any, added to his/her final compensation.

~~(1) When an employee is separated from the service, remaining vacation allowance, if any, shall be added to final compensation.~~

(5) ~~(2)~~ An employee who has resigned in good standing and is subsequently reinstated within two (2) years from the date of resignation shall have prior service counted in determining eligibility for vacation benefits, deducting therefrom the amount of time between the date of resignation and the date of reinstatement which shall not be counted in determining eligibility.

(g) Vacation Sell-Back Maximum.

~~(1)~~ An employee may elect to receive cash payment for up to a maximum of forty (40) hours of his/her accumulated vacation balance **annually except that all cash outs shall be suspended during furlough or fiscal emergency periods.** ~~upon commencement of a scheduled vacation. This option may be exercised pursuant to the above description up to a maximum of forty (40) hours cash payment per fiscal year.~~

~~(2) An employee may elect to receive cash payment for two (2) days (16 hours) of his/her accumulated vacation balance for each one (1) day of scheduled vacation. This option may not exceed forty (40) hours of cash payment per fiscal year.~~

9.2 Sick Leave

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(a) Accrual. All regular full-time employees, except provisional and temporary employees, shall accrue sick leave at the rate of **eight (8)** ~~ten (10)~~ hours for each month of completed service.

All regular employees, except provisional and temporary employees, scheduled to work less than a full month shall accrue sick leave on a prorated basis. Unused sick leave shall accrue from year to year. Employees shall continue to accrue sick leave while off duty on authorized sick leave; provided, however, an employee shall not accrue sick leave during any leave or leaves of absence without pay granted to the employee.

(b) Usage. Employees are entitled to sick leave pay for those days which the employee would normally have worked, to a maximum of the hours accrued, described as:

Preventive medical, dental, optical care, illness, injury or exposure to contagious disease which incapacitates the employee from performing normal work duties. This includes disabilities caused or contributed by pregnancy, miscarriage, abortion, childbirth and recovery therefrom.

(c) Family Sick Leave. Employees may utilize up to one-half of their annual sick leave accrual in the case of illness or injury in the employee's immediate family when such illness or injury requires personal care that otherwise would not be covered by the Family Medical Leave Act **(FMLA)** or the California Family Rights Act **(CFRA)** leaves.

Such leave shall be restricted to the employee's parents, spouse, mother-in-law, father-in-law, child, stepchild, brother, sister, brother-in-law, sister-in-law, grandparent, ~~grandparent-in-law, and~~ grandchild, **legal dependant and registered domestic partner.**

In special cases, with the approval of the Director of Human Resources, a department head may grant the use of sick leave in other circumstances.

It is not the intent of this provision to conflict with any state or federally mandated policies, such as the Family Medical Leave Act **(FMLA)**, the California Family Rights Act **(CFRA)**, or the Pregnancy Disability Leave **(PDL).**

(d) Reporting Procedures for Sick Leave. When the requirement for sick leave is known to the employee in advance of the absence, (for example, included but not limited to scheduled medical, dental or vision appointments), the employee shall request authorization for such sick leave from the department

head prior to such absence.

If an employee is not able to report due to illness or injury, the employee shall report as soon as possible to the appropriate supervisor, but in no case more than thirty (30) minutes after the start of the work day, except for extenuating circumstances prohibiting giving notice.

Failure to notify as soon as possible and in conforming to the thirty (30) minute notification shall be cause for the following informal and formal disciplinary action:

(1) For the first time in a six (6) month period, a Memorandum of Discussion (informal).

(2) For the second time within a six (6) month period, a Letter of Reprimand (formal).

(3) For any subsequent time within a six (6) month period, suspension from work; or at any time four (4) or more incidents occur within a six (6) month period, the employee may be discharged (formal).

The six (6) month period will be defined as six (6) months from the most recent incident. If no other incident occurs within six (6) months of the most recent incident, the ~~formal~~ disciplinary data ~~action (i.e., letter of reprimand, suspension)~~ shall be removed from the employee's official personnel file ~~maintained in the Human Resources Department, upon the written request of the employee to and concurrence by the department head and the Director of Human Resources~~.

(e) Verification Procedures

(1) Before being paid for the use of accrued sick leave, the employee shall submit a signed statement to the department head, on a prescribed form, stating the dates and hours of absence, the exact reason, and such other information as is necessary for the request to be evaluated. If an employee doesn't return to work prior to the preparation of the payroll, other arrangements may be made with the department head.

(2) Doctor's Certificate or Other Proof. ~~If an employee's illness results in an absence from work for more than three (3) consecutive days, a doctor's certificate or other reasonable proof of illness may be required.~~

The Director of Human Resources ~~may make such sick leave usage~~

~~reviews and may require such additional documentation including a physician's statement~~ **may require a doctor's certificate or other reasonable proof of illness** as he~~/she~~ deems necessary ~~before approving the sick leave benefit.~~ **in order for an employee to receive an excused absence from work and sick leave pay. The employee shall be given notice prior to returning to work that he or she will be required to provide such documentation. Employees who have unscheduled absences due to illness on a scheduled work day preceding or following a holiday may be required to bring a doctor's certificate or other reasonable proof of illness in order to receive an excused absence and sick leave pay.**

(3) If the City has a reasonable basis to believe that an employee is abusing the sick leave benefit, the City or the employee's supervisor must first meet with the employee to: 1) explain the reasonable basis for the believed abuse, and 2) discuss the reasons for the employee's absence. The employee has the right to Union representation at such meeting. After such meeting, and depending on the factual circumstances, the City may:

(a) Place the employee on restricted sick leave for a period of not more than four (4) months, under the direction of the Director of Human Resources pursuant to (e)(2) above;

(b) Suspend the employee without pay for up to five (5) days for abuse of sick leave; or dismissal from employment if a prior suspension involved abuse of sick leave;

(c) Place the employee in an employee assistance program, if agreed to by the employee.

(f) Use of Sick Leave While on Vacation. An employee who is injured or who becomes ill while on vacation may be paid for sick leave in lieu of vacation provided that the employee:

(1) Was hospitalized during the period for which sick leave is claimed, or

(2) Received medical treatment or diagnosis and presents a statement indicating disabling illness or injury signed by a physician covering the period for which sick leave is claimed.

(g) Payment for Unused Sick Leave. Effective July 2010, unused sick leave shall have no cash value. If eligible, employees may use unused sick leave for CalPERS service credit.

(h) Employees hired on or after July 1, 2011 shall be eligible for CalPERS service credit for unused sick leave at retirement based on the PERS contract provisions in effect at the time of their hire. The parties have agreed to the implementation of a new retirement tier and employees hired after the implementation of that new tier will not be eligible for unused sick leave service credit.

9.3 Other Leaves with Pay

(a) Bereavement Leave. In the event of a death in the immediate family of an employee, the employee shall, upon request be granted up to three (3) days bereavement leave with pay without charge to his accumulated sick leave credits or vacation eligibility. The department head may grant an additional two (2) days bereavement leave upon request which shall be charged against the employee's accumulated sick leave credits in cases where extensive travel is required to attend the funeral. For the purposes of this paragraph, the immediate family shall be restricted to the employee's parents, spouse, mother-in-law, father-in-law, child, stepchild, brother, sister, brother-in-law, sister-in-law, grandparent, grandparent-in-law, grandchild, and registered domestic partner.

In the event of the death of a person not immediately related to an employee as defined above, the employee's department head may grant up to three (3) days bereavement leave upon request which shall be charged against the employee's accumulated sick leave credits.

(b) Court Appearance. Upon approval by the department head, an employee, other than a provisional or temporary employee, shall be permitted authorized absence from duty for appearance in Court because of jury service, in obedience to subpoena or by direction of proper authority, in accordance with the following provisions:

Said absence from duty including necessary travel time, will be **for actual hours served** ~~with full pay for each day the employee serves~~ on jury duty or testifies as a witness in a criminal case, other than as a defendant. As a condition of receiving such pay, the employee must remit to the City, through the employee's department head, within fifteen (15) days after receipt, all fees received except those specifically allowed for mileage and expenses.

~~Jury duty or witness duty appearances shall be considered in terms of "whole~~

~~days" (8 hours) or "half days" (4 hours) of service.~~ If an employee is not due to appear for jury duty or as a witness until an afternoon court session, the employee will be expected to work his usual morning schedule. If an employee is required to appear for a morning court session and is sent home before noon and not required to return in the afternoon, the employee will be expected to work his usual afternoon schedule.

Said absence from duty will be without pay when the employee appears in private litigation to which the City of Stockton is not a party.

Any fees allowed, except for reimbursement of expenses incurred, shall be remitted to the City through the employee's department head.

Notwithstanding the foregoing, attendance in court in connection with an employee's official duties or in behalf of the City of Stockton in connection with a case in which the City of Stockton is a party, together with travel time necessarily involved, shall not be considered absent from duty within the meaning of the Section.

(c) Military Leave. An employee of the City who is a member of the National Guard or Naval Militia or a member of the Reserve Corps or Force of the Federal Military, Naval or Marine Service and is ordered to duty shall be granted leave with pay while engaged therein, provided the leave does not exceed thirty (30) days in any calendar year.

All regular employees in the service of the City shall be allowed leave of absence without pay for duration of a national emergency who have been inducted into the Army, Navy, Marine Corps, Air Force or any other branch of the Military Service of the United States or the State of California. Said employees shall be reinstated in the position they held when they were inducted into Military Service, except as hereinafter stated, providing they are physically fit as shown by a medical examination by the City Physician or other physician appointed to make a medical examination.

In the case of a probationary employee having served a minimum probationary period of six (6) months at the time of induction, it shall be optional with the department head and the City Manager to grant regular status to said employee before induction.

All probationary employees inducted into Military Service not having served the minimum probationary period of six (6) months, or having served the minimum probationary period of six (6) months, but not having received regular status shall be allowed leave of absence without pay for the duration of a national

emergency, but said employees shall be placed at the head of the eligible list for such position in the order of their seniority of employment and when appointed to a vacant position, they must be physically fit as above specified and shall serve the balance of their probationary period before attaining the status of a regular employee.

Two (2) or more regular employees granted military leave of absence without pay from the same position shall be reemployed according to their seniority of employment providing they are physically fit as above specified.

9.4 Workers' Compensation Leave

Workers' Compensation Benefits shall be provided in accordance with State law and schedules whenever an employee is absent from duty because of disability caused by illness or injury arising out of and in the course of employment which has been declared to be compensable under the Workers' Compensation Law.

~~(b) Payment. Workers' Compensation Leave will be paid in accordance with the following schedule:~~

~~Employees who have worked for the City more than twelve (12) months but less than twenty-four (24) continuous months and who are unable to work shall receive their full salary for the term of the disability but not to exceed a period of two (2) months.~~

~~Employees who have worked for the City for twenty-four (24) or more continuous months but less than sixty (60) continuous months and who are unable to work shall receive their full salary for the term of the disability but not to exceed a period of three (3) months.~~

~~Employees who have worked for the City for sixty (60) or more continuous months and who are unable to work shall receive their full salary for the term of their disability but not to exceed a period of twelve (12) months.~~

~~Workers' Compensation Leave shall commence from the first day's absence.~~

(b) ~~(c)~~ Forms and Procedures. **Workers' compensation processing shall be consistent with City procedures and in accordance with state workers' compensation regulations.** ~~Salary continuation approval will follow the same procedures as for sick leave approval. Salary continuation payments will be contingent on the City's acceptance of the injury as compensable under Workers' Compensation Law.~~ **An employee who sustains a work-related injury or**

illness shall immediately inform his/her supervisor no matter how minor an on-the-job injury may appear. An employee who sustains a work-related injury or illness is required to seek medical care at facilities designated by the City unless they have filed a pre-designation of personal physician prior to sustaining the work-related injury or illness. For a list of City designated medical care facilities and/or physicians, please contact Human Resources.

9.5 Leave of Absence Without Pay

(a) Entitlement. Employees shall not be entitled to leave of absence without pay as a matter of right, but only upon the determination of the City that the granting of such leave is in the best interest of public service and that there is a presumption that the employee intends to return to work upon the expiration of the leave of absence. The granting of a leave of absence provides the employee the right to return to the position vacated.

(b) Approval. All leaves of absence without pay must be recommended by the department head and approved by the Director of Human Resources. No such leave may extend beyond twelve (12) months, except in the case of absence due to job incurred disability where a determination may be made based upon the needs of public service, or in the event an application for service connected disability retirement has been filed.

(c) Leaves of absence without pay for illness may only be approved following the expiration of entitlement of sick leave and vacation.

9.6 Absence Without Official Leave (AWOL)

(a) Failure to Report to Duty or Failure to Return after Leave. Failure to report for duty or failure to report for duty after a leave of absence request has been disapproved, revoked, or canceled, or at the expiration of a leave, shall be considered an absence without official leave and shall be subject to discipline.

(b) Voluntary Resignation. Any employee in this bargaining unit absent without official leave for two (2) or more consecutive days without a satisfactory explanation shall be deemed to have voluntarily resigned from the City of Stockton. An employee must provide a written statement to the Human Resources Department regarding a "satisfactory explanation", within ten (10) calendar days after the City mails a notice of voluntary resignation to the employee's last known address.

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Section 10. Days and Hours of Work

10.1 Workweek

The normal workweek in this unit consists of five (5) consecutive eight (8) hour days or a total of forty (40) hours, generally Monday through Friday in a seven (7) day work period. Where operational requirements of a department require deviations from this schedule, the department head with the Director of Human Resources' approval may institute alternate work schedules as long as the City meets with the Union over the impact of such schedules and conforms to work period requirements of the Fair Labor Standards Act.

10.2 Meal Periods and Rest Periods

(a) Employees shall receive a one (1) hour or one-half (1/2) hour meal period, without pay, each day and a fifteen (15) minute paid rest period during the first half of the work day and a second fifteen (15) minute paid rest period during the second half of the work day. Employees who exceed the time limits prescribed above for lunch and/or rest periods shall have their pay reduced accordingly.

(b) Where operational requirements of a department require deviations from this schedule, meal periods of other durations and alternate rest periods may be instituted with the approval of the department head or designee.

10.3 Reporting to Work

Repeated failure to report to work on time may result in appropriate informal and/or formal discipline as set forth below:

(a) For the first time in a six (6) month period, a Memorandum of Discussion (informal).

(b) For the second time within a six (6) month period, a Letter of Reprimand (formal).

(c) For any subsequent time within a six (6) month period, suspension from work; or at any time four (4) or more incidents occur within a six (6) month period, the employees may be discharged (formal).

If an employee reports to the work site after the designated starting time, the employee will be paid only for time actually worked; however, the employee may be allowed to utilize annual leave for lost pay, provided the employee's supervisor approves.

The six (6) month period will be defined as six (6) months from the most recent incident. If no other incident occurs within six (6) months of the most recent incident, the formal disciplinary action (i.e., letter of reprimand, suspension) shall be removed from the employee's official personnel file maintained in the Human Resources Department, upon the written request of the employee to and concurrence by the department head and the Director of Human Resources.

10.4 Work Furloughs

~~(a) 96 Furlough Hours in Fiscal Year 2010-2011. Each bargaining unit employee shall take ninety six (96) furlough hours (leave from work without pay).~~

~~(b) 96 Furlough Hours in Fiscal Year 2011-2012. Each bargaining unit employee shall take ninety six (96) furlough hours (leave from work without pay).~~

(a) 48 Furlough Hours in Fiscal Years 2012-2013 and 2013-2014 . Each bargaining unit employee shall take forty eight (48) furlough hours (leave from work without pay).

(b) ~~(c)~~ Equalized Payroll Deductions. Payroll deductions for the **forty eight (48)** ~~ninety six (96)~~ furlough hours described in section 10.4, paragraph (a) above and section 10.4 (b), shall be equalized so that each bargaining unit employee shall have **two (2)** ~~four (4.68)~~ hours at the employee's regular hourly rate of pay deducted from each of the twenty four (24) pay warrants of each fiscal year.

(c) Standard Furlough Days. Except as provided in section 10.4(e), below, each bargaining unit employee shall take the furlough days in accordance with the city-wide calendar (City of Stockton City Office Business Hours) for both fiscal years.

(d) Exception to Standard Furlough Days for Some Employees. Bargaining unit employees shall adhere to the standard work furlough days shown on the city-wide calendar, except where it is impracticable for certain City departments or operations, as determined by the department head. In these rare cases, employees must schedule the appropriate number of furlough hours to be used no later than June 30 of each corresponding fiscal year.

(e) If a furlough is scheduled before or after a City holiday, the employee will, nevertheless, be eligible for holiday pay.

(f) No Adverse Affect on CalPERS. The City represents and warrants based on information provided by the California Public Employees Retirement System

(CalPERS) that the furlough deductions described in this section 10.4 shall not reduce or otherwise adversely affect the employee's Final Compensation for retirement purposes under CalPERS. The City shall continue to report the employee's full-time pay rate as noted in the agreed upon salary schedule(s). This bargaining unit has relied on the accuracy of this representation by the City with the City's knowledge and consent. As an express condition of this section, should any Trades and Maintenance represented employee suffer a reduction or adverse effect in his or her final compensation for retirement purposes through CalPERS solely as a result of the furlough deductions, the City, upon notification, shall thoroughly review and communicate the adverse effect to CalPERS, on behalf of the employee, to ensure the employee is made whole.

(g) Furlough Deductions Non-Taxable to the Employee. The City represents and warrants that the furlough deductions described in this section, 10.4 shall not be subject to income tax, payroll tax, or otherwise taxable to the employee. This bargaining unit has relied on this representation by the City with the City's knowledge and consent. As an express condition of this section, should any represented employee of this bargaining unit be taxed on any furlough deduction amount, the City, upon notification, shall thoroughly review and make the appropriate correction.

(h) Use of Accrued Leaves in Coordination with Furloughs. Bargaining unit employees shall be permitted to use accrued vacation leave, sick leave, and compensatory time off (CTO) on non-furlough days consecutive to furlough days, on a coordinated basis, unless approval of such leave creates an undue hardship to the City.

(i) Fringe Benefits Not Accepted. Notwithstanding the occurrence of furloughs bargaining unit members shall continue to receive the full amount and application of all fringe benefits including, without limitation and by way of illustration, City contribution to health and welfare benefits, accrued vacation leave, and accrued sick leave.

(j) Separation from City Service before June 30, 201**3** ~~2~~. Any employee who separates from City service before the final 4.68 hour furlough deduction on July 7, 201**3** ~~2~~ for the pay period ending June 30, 201**3** ~~2~~, and after having used furlough hours, shall have his or her final compensation reduced by the sum of the number of furlough hours the employee has actually used minus the number of furlough hours actually deducted from the employee's pay warrants multiplied by the employee's regular hourly rate of pay. Conversely, any employee who separates from City service before June 30, 201**3** ~~2~~, having suffered furlough deductions in excess of the actual number of furlough hours the employee has used, shall have his or her final compensation credited by like amount.

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Section 11. Overtime

11.1 Overtime Authorization

All compensable overtime must be authorized by the department head or his designated representative in advance of being worked. If prior authorization is not feasible because of emergency conditions, a confirming authorization must be made on the next regular working day following the date on which the overtime was worked.

11.2 Definition

The following provisions pertaining to authorized **statutorily required** overtime work shall apply to ~~those~~ **non FLSA exempt** employees whose regular work week is **eight (8) hours per day and** forty (40) hours per week**, or (10) hours per day and forty (40) hours per week:**

(a) **Statutory overtime shall be paid on actual time worked in excess of forty (40) hours in any workweek. Such overtime shall be paid for at time and one-half (1-1/2) including employees employed on a per hour or per day basis or except as provided elsewhere herein. Furlough hours shall be considered as actual time. Sick leave, vacation, holiday, or other time taken as compensated time off shall not be considered as actual time worked.**

~~(a) Overtime shall be paid at the rate of time and one-half (1-1/2) for all hours in excess of forty (40) hours in a seven (7) day work period for all which an employee is in a paid status because of work performed and/or the use of paid leave.~~

b) On a holiday observed by the City an employee shall be paid for a regular day plus time and one-half (1-1/2) for actual time worked not to exceed eight (8) hours including employees employed on a per hour or per day basis, or except as provided elsewhere herein.

~~(c) Any time worked in excess of eight (8) hours on a holiday observed by the City shall be paid for at double time and one-half (2-1/2) except for employees employed on a per hour or per day basis, except as provided elsewhere herein.~~

(c) ~~(d)~~ The City may require mandatory overtime when operational needs if the City dictate the need to work such overtime. Work in excess of forty (40) hours in any workweek will be paid at time and one-half pay or CTO in accordance with

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Section 11.4 (b).

11.3 Standby Duty

When warranted and in the interest of the City operation, department heads may assign employees to "standby" status.

(a) Application of "standby" shall be as follows:

(1) Each employee so assigned to "standby" shall be provided with a communication device while on standby and shall be able to report to the work site within forty-five (45) minutes. Employees assigned to standby shall be required to carry the communication device.

(2) Employees on standby shall have the option to trade **hours** ~~days and/or weeks~~ of standby status with another qualified employee in the same unit or division with departmental approval.

(3) Standby shall be assigned in a minimum of eight (8) hours blocks, i.e., Monday - Friday work week standby can be 8, 16, 24 hour blocks. The block of standby will be to one (1) person per 24 hour period.

Standby for weekends i.e., Saturday, Sunday or extended holiday weekends (Friday – Sunday, or Saturday - Monday) will be assigned 8 - 48 hour blocks to one (1) person per weekend (up to 72 hours for holiday weekend).

(b) Compensation of "standby" shall be as follows:

(1) Employees assigned to standby duty shall be paid **$3.00 per hour** ~~two (2) hours for every eight (8) hours of standby~~ **while assigned to be on standby. An employee shall earn** ~~and~~ time and one-half (1-1/2) for all actual time worked while on standby duty status **only if eligible for overtime as defined in Section 11.2 above. An employee shall not continue to receive the "standby" premium during actual time worked, or for any hours paid as overtime or call back. Standby is not considered as time in "paid status because of work performed" for purposes of calculating overtime.**

~~(2) Employees assigned to standby duty status on holidays~~

~~observed by the City shall be paid two (2) hours for every eight (8) hours of standby at time and one-half (1-1/2) for all actual time worked while on standby duty status, and double time and one-half (2-1/2) for all actual time worked in excess of eight (8) hours while on standby duty status.~~

11.4 Call Back

When an employee is called back to work from off duty status, the employee shall be compensated for a minimum of two (2) hours and forty-five (45) minutes pay at time and one-half (1-1/2) or actual time worked at time and one-half (1-1/2) **if eligible for overtime as defined in Section 11.2, above**, whichever is greater.

To be eligible for call-back pay, both of the following conditions must be met:

(a) The call-back must occur outside of the employee's regular work hours; including overtime.

(b) The call-back time worked must not be contiguous to the employee's regular work hours; including overtime.

(c) An employee is ineligible to receive a premium for both standby and call back. For example, employees shall not receive standby pay for hours in which they are paid overtime or call back pay.

11.5 Compensatory Time

(a) Definition. As used in this Section, the term Compensatory Time refers to that time which an employee is entitled to be absent from duty with pay for hours worked in addition to or excess of their normal work schedule.

(b) Accrual. For hours in excess of forty (40) hours in a seven (7) day work period, for which the employee is in a paid status, Compensatory Time may be earned at the rate of time and one-half (1-1/2). No more than eighty (80) hours (forty (40) hours worked at time and one-half [1-1/2]) may be carried on the books at any time.

(c) Use. Use of Compensatory Time shall be scheduled with due consideration for the wishes of the employee and so as to not interfere with the normal operation of City business. Approval of requests for use of Compensatory Time shall be submitted in writing and in advance of use on a

day-for-day basis and shall be at the sole discretion of the department head, but once approved, cannot be changed unless an emergency situation arises.

(d) Payment. Once eighty (80) hours of Compensatory Time is accrued on the books, all other hours worked in excess of forty (40) hours in a seven (7) day work period will automatically be paid.

Any Compensatory Time balance remaining at the end of a fiscal year will automatically be paid.

11.6 Meal Allowance

The City shall provide a meal allowance of TEN DOLLARS AND NO CENTS ($10.00) for an employee who is held over and works a minimum of four (4) hours. Employees called back to work or called back from a day off with less than two (2) hours notice shall qualify for the TEN DOLLARS AND NO CENTS ($10.00) meal allowance when they work a minimum of four (4) hours. Extension of the work schedule or call-back must be properly authorized by the employee's supervisor or other designated personnel.

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Section 12. Holidays

12.1 Qualifying for Holiday Pay

All regular employees, excluding provisional and temporary employees, shall be entitled to take all authorized holidays at full pay not to exceed eight (8) hours for any one (1) holiday.

12.2 Holidays Observed by the City

(1) January 1 .....New Years' Day
(2) Third Monday in January.....Martin Luther King Jr.'s Birthday
(3) Second Monday in February ..... Lincoln's Birthday
(4) Third Monday in February ..... Washington's Birthday
(5) March 31 .....Cesar Chavez Birthday
(6) Last Monday in May ..... Memorial Day
(7) July 4..... Independence Day
(8) First Monday in September .....Labor Day
(9) Second Monday in October.....Columbus Day
(10) November 11..... Veteran's Day
(11) Fourth Thursday in November..... Thanksgiving
(12) The day following the day known as Thanksgiving
(13) December 25.....Christmas Day
~~(14) Employee's Birthday~~

~~In addition, a day appointed by the President or Governor as a public holiday shall be observed by the City.~~

If any of said holidays fall on a Sunday, the following Monday shall be observed as a holiday. If any of said holidays fall on a Saturday, the preceding Friday shall be observed as a holiday.

In order to receive Holiday Pay the employee must be in a paid status the day before and the day after the holiday.

~~Birthday Holiday Leave. If an employee's birthday falls on Saturday, Sunday or another recognized holiday; or if work requirements do not permit the employee to observe that day off, the department head may authorize a work day within fifteen (15) calendar days prior to or after the employee's actual birth date. An employee will not be credited with a birthday holiday, if he/she terminates prior to the actual birth date.~~

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12.3 Compensation for Holidays Worked

Prior approval for holiday work must be secured from the department head except in emergency situations where said approval cannot be obtained beforehand.

12.4 Holiday Cash Out Upon Separation

When an employee is separated from the service between February 17, 2012 and July 1, 2014, the employee's remaining holiday allowance, if any, shall be paid as follows:

(a) Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated holiday hours.

(b) On the one year anniversary of employee's separation, he/shall shall receive the second payment of one third (1/3) or $10,000, whichever is greater of the balance of his/her unused accumulated holiday hours.

(c) On the second year anniversary of employee's separation he/she shall receive payment for the balance of the unpaid accumulated holiday hours.

(d) Employees who are involuntarily separated shall have their remaining holiday allowance, if any, added to his/her final compensation.

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Section 13. Compensation and Allowance Other Than Base Salary

13.1 Retirement Contribution Supplement

(a) The City will pay seven percent (7%) of the employee's current base salary (employee's contribution) and other compensation as qualified by State law towards the Public Employees' Retirement System (CalPERS). Such amounts will be applied to the employee's individual account in accordance with California Government Code section 20615. Effective August 1, 2011, employees shall pay 7% of the employee's current base salary and other compensation as qualified by state law towards the employer contribution to the CalPERS retirement plan on a post-tax basis in the form of a payroll deduction. The City will seek an IRS private letter ruling to determine whether or not the IRS permits the employee's contribution to the employer's share of pension cost to be treated on a pre-tax basis. If the IRS issues a private letter ruling allowing employee's contribution towards employer pension cost on a pre-tax basis, the City will change the deduction from post-tax to pre-tax as soon as administratively possible after the IRS final determination.

(b) For Employees Hired on or Before June 30, 2011

(1) The City's CalPERS retirement plan is modified to reflect two percent (2%) at age 55, effective January 1993.

(2) The City's CalPERS retirement plan is modified to reflect California Government Code section 20930.3 (Military Service Credit as Public Service) and section 20930.33 (Military Service Credit for Retired Persons) effective upon adoption by Stockton City Council and Board Administration of the CalPERS.

(3) The City will provide CalPERS California Government Code section 20692 (Employer Paid Member Contributions Converted to Payrate during the Final Compensation Period) as added CalPERS benefits. At the beginning of employee's last year of employment, the employee will pay their employees' seven percent (7%) benefit cost through an automatic payroll deduction. The City will increase the base salary for those employees by the same seven percent (7%) for the last twelve (12) months of employment. Internal Revenue Service (IRS) Code 414H(2) will be concurrently implemented with CalPERS California Government Code section 20692, to be effective upon adoption by the Stockton City Council and CalPERS Administration Board.

(4) The City will provide CalPERS California Government Code section 20965 (Credit for Unused Sick Leave) as added CalPERS benefits, to be effective upon adoption by the Stockton City Council and CalPERS Administration Board. Any unused sick leave may be credited towards CALPERS service credit.

(5) The City will provide CalPERS California Government Code section 21574 (Fourth Level of 1959 Survivor Benefits) as added CalPERS benefits, to be effective upon adoption by the Stockton City Council and CalPERS Administration Board.

(6) The City will provide CalPERS California Government Code section 21335 up to a five percent (5%) Annual Cost-of-Living Allowance, base year 2001) as added CalPERS benefit. The first application date is April 1, 2003.

(c) For Employees Hired on or After July 1, 2011

(1) The City will contract with CalPERS to provide a new second tier retirement program of 2% at 60 with three year average salary formula and no other additional CalPERS. benefits for all unit employees hired on or after July 1, 2011 or as soon as administratively possible consistent with CalPERS contract process. Effective July 1, 2011 all unit employees hired on or after July 1, 2011 shall pay the entire seven percent (7%) of the employee's current base salary and any other compensation as qualified by state law towards CalPERS retirement benefit through a payroll deduction.

13.2 Deferred Compensation

Effective July 1, 2010, the City's contribution to the Deferred Compensation Plan (5.5% of base pay) will be converted to base pay. Effective July 1, 2010, employees will no longer receive a deferred compensation benefit.

13.3 Uniforms

(a) The City shall provide uniforms for all employees assigned to this unit who ~~request uniforms and~~ **are** require**d** ~~employees~~ to wear ~~the~~ uniform**s** during the course of work.

(b) Safety Protective Footwear Reimbursement Allowance. Employees required to wear safety protective footwear in accordance with City Manager's Administrative Directive HR-034, and approved for safety protective footwear reimbursement, the City will authorize safety protective footwear reimbursement in the amount of ONE HUNDRED SEVENTY DOLLARS ($170.00)

13.4 Tool Allowance

(a) Mechanic employees assigned to the Central Garage who are required to personally supply their own set of mechanic hand tools, as required and approved by the Fleet Manager, shall receive an annual tool replacement allowance of FOUR HUNDRED DOLLARS ($400.00).

(b) The City shall pay for the replacement of tools lost through theft from City premises provided that such loss was absolutely no fault of the employee.

(c) Any tool required by the City beyond that initially approved by Fleet Manager shall be provided by the City.

13.5 Special Driver's License Pay

Job classifications that require employees to possess and maintain a Class A and/or Class B Driver's License will receive special pay based on the flat dollar amount equal to one and one-half percent (1-1/2%) of top step of job classification ~~as of July 1, 2010. Effective January 1, 2009, the Special Driver's License pay of one and one-half percent (1-1/2%) of top step of job classification shall be rolled into base salary of job classification.~~

Special Driver's License Pay will only be implemented with the concurrent implementation of the Operating Engineers' Local No. 3 - City of Stockton, Drug/Alcohol Safety Program.

13.6 Longevity Pay

Effective August 1, 2011, longevity pay shall be eliminated. However, the City shall grandfather only those employees who completed twelve (12) continuous years of service with the City as of July 31, 2011, longevity pay based on the flat dollar amount equal to two and one-half percent (2.5%) of top salary step of the employee's pay range as of July 1, 2010. **As of July 1, 2012, longevity incentive pay allowance for these grandfathered employees shall be reduced to one and one-quarter percent (1.25%). As of June 30, 2013, longevity incentive pay allowance for these grandfathered employees shall be eliminated altogether.**

13.7 ~~8~~ Credit Union

The City will accommodate payroll deduction to Operating Engineers' Local No. 3 Credit Union, within the limitations of City payroll system. Any modification costs will be borne by Operating Engineers' Local No. 3.

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Section 14. Insurance Plans and Retirement Benefits

14.1 Health and Welfare Benefits

(a) Choice of Health Plans. Employees in this bargaining unit shall have a choice of enrolling themselves and their eligible dependents in any of the City sponsored medical, dental and visions plans or Operating Engineer Health and Welfare Trust Fund Plan (PPO Plans A, B, C, and D, and Kaiser HMO Plans A and B). The City shall offer two or more medical plans to regular employees.

(b) Eligibility. Employees shall become eligible for Medical insurance on the first day of the month subsequent to completion of thirty (30) days of continuous service with the City. Employees shall become eligible for Dental insurance on the first day of the month subsequent to completion of sixty (60) days continuous service with the City. **An eligible employee and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/registered domestic partner or another eligible City employee, but not both. If an employee is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee plan (i.e., an employee and his or her dependent cannot be covered by more than one City-offered health plan).**

(c) City Contribution towards the cost of insurance programs. Effective September 1, 2011:

The City shall contribute up to $481.00 per month toward the cost of the monthly premium for employee-only medical/dental/vision plan coverage.

The City shall contribute up to $875.00 per month toward the cost of the monthly premium for employee plus one dependent medical/dental/vision plan coverage

The City shall contribute up to $1,165.00 per month toward the cost of the monthly premium for employee plus two or more dependents medical/dental/vision plan coverage.

These contributions are based on full-time employment; regular part-time employees shall receive a prorated contribution based on their percentage of full-time employment. Insurance plan premiums that exceed the City's

monthly contribution shall be paid by the employee through payroll deductions. The City shall maintain its IRS 125 Plan to allow for employee contributions for medical/visions/dental to be pre-tax premium conversion.

(d) Plan Rules. Employees may insure themselves and their eligible dependents under the medical/vision and dental plans provided by the City, in accordance with the rules and regulations applicable to the selected Plan. Benefits in the Plan shall be in accordance with the Plan document.

(e) Provisional and temporary employees are not eligible for any of the above benefits.

(f) Employees that promote, demote, or transfer from a classification in the Trades and Maintenance unit to an unrepresented classification shall continue to have the option to retain the Operating Engineers' Local No. 3 Health and Welfare Plan.

(g) Parties agree to the implementation of the modifications to the City's Modified Plan, which is referred to in this MOU as "Modified Employee Medical Plan." Modifications to the City's Modified Plan shall be effective September 1, 2011.

14.2 Long Term Disability Insurance

The City shall provide, at no cost to the employee, long term disability insurance coverage. ~~Essentially, this is an income protection plan which provides disability income for employees including~~ **Plan benefits shall be as described in the Plan document, but shall include:**

(a) Each disability - sixty-six and two thirds percent (66 2/3%) of salary **up to the maximum salary replacement amount as specified in the City's long term disability plan.**

(b) Disability income payments shall commence ~~after the employee has utilized all sick leave benefits to which the employee is entitled or~~ after a **ninety (90)** ~~thirty (30)~~ day waiting period. **Employees may use sick leave and other leave balances to cover this waiting period, or leave without pay.** ~~whichever is longer.~~

(c) Benefit payable until age sixty-five (65).

(d) The City ~~will provide, at no expense~~ **shall continue its normal contribution for employee medical premiums** ~~to the employee, medical~~

~~coverage for a period~~ **during the** ~~of~~ ninety (90) days **waiting period**. ~~For the purpose of this section, medical coverage shall commence immediately after the employee has utilized all sick leave benefits to which the employee is entitled.~~

14.3 Life Insurance

Effective July 1, 2012, ~~T~~ **t**he City shall provide, at no cost to the employee, a term life insurance policy **with a value of $50,000.** ~~, to one and one-half (1-1/2) times the employee's annual salary~~.

14.**3** ~~4~~ Retirement Medical Allowance

(a) Eligibility. An eligible retiree and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/registered domestic partner or another eligible City employee/retiree, but not both. If an employee/retiree is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee or retiree's plan (i.e., a retiree and his or her dependent cannot be covered by more than one City-offered health plan).

~~For employees hired on or before June 30, 2011, at retirement only, an employee with fifteen (15) years of City service and who has attained the age of fifty (50) will be provided medical coverage consisting of hospitalization, medical and prescription benefits for the retiree and one (1) dependent until age sixty-five (65) which includes changes to the City's modified plan effective September 1, 2011. Employees hired on or after July 1, 2011 shall not be afforded any retiree medical program coverage by the City.~~

~~(a) Employees with 15 or more years of service, as of July 1, 2010, shall continue to be eligible for the benefit described above *without having to make any employee contribution*.~~

~~(b) Employees who have 15 or more years of service on or before June 30, 2012, and retire with CalPERS on or before June 30, 2012, shall continue to be eligible for the benefit described above *without having to make any employee contribution.*~~

~~(c) All employees hired prior to July 1, 2010, who either do not have 15 or more years of service, as of July 1, 2010, or do not have 15 or more years of service on or before June 30, 2010, and retire with CalPERS on or before June 30, 2012, shall make a retiree health contribution of $100 for employee only, or $175 for employee plus one, toward the health rates.~~

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(b) City Contribution for the Period July 1, 2012 Through June 30, 2013. Effective July 1, 2012, the City shall provide to employees retiring from the City the following contribution towards the costs of retiree medical insurance:

(1) Employees retiring with over 10 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $150 a month towards the cost of retiree medical insurance.

(2) Employees retiring with over 20 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $300 a month towards the cost of retiree medical insurance.

(3) Employees retiring with over 30 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $450 a month towards the cost of retiree medical insurance.

(4) Employees with less than 10 years of service for the City shall not be eligible for a city contribution towards retiree medical and may not be enrolled in the City sponsored plans.

(5) Benefits for part time employees who retire are prorated based on their full time equivalent.

(6) The City contributions shall end with the death of the retiree and no survivor benefits are provided.

(7) Retirees who are enrolled in city-sponsored plans may not enroll their eligible dependents at their own expense.

The City's obligation for retiree medical benefits is to the retiree and shall end upon the death of the retiree. Surviving spouses shall not be eligible for any city paid benefit after the death of the city retiree. Any benefits previously paid to surviving spouses has been paid in error and without the approval of the City Council.

(c) Elimination of Retiree Medical Program Effective June 30, 2013. Effective June 30, 2013, the City shall no longer provide a contribution towards the cost of retiree medical insurance for current employees (future retirees) and current retirees. Retirees shall not be eligible to participate in the City's medical plans.

~~14. 5 For Employees Hired on or after July 1, 2010 but before July 1, 2011.~~

~~(a) All employees hired on or after July 1, 2010 will be eligible to receive retiree medical benefits through the OE3 VEBA (defined contribution) plan. Employer contribution shall be an amount equal to 2% base salary. Employee contribution shall be an amount equal to 3% of base salary. Employees hired on or after July 1, 2011 shall not receive any contribution towards retiree medical benefits through the OE3 VEBA.~~

14.4 Alternative Retirement Medical Plans

The parties have negotiated that employees may choose to enroll in one or more additional health plans instead of the City Modified Plan (including but not limited to Kaiser Senior Advantage).

This language sets forth the conditions in which current employees, when they retire from the City and otherwise qualify for a retiree medical benefit from the City as stated in Sections 14.3 and 14.4 of this MOU, may also choose to enroll in City sponsored alternative plans in the same manner as when they were employees, as well as retiree only medical plans. The following conditions shall apply:

(a) If an employee is in a City sponsored alternative plan at the time of retirement, the employee shall be allowed to continue in that Plan. Employees in the union sponsored plans authorized by the City at the time of retirement shall be allowed to continue in that Plan. (Operating Engineers units).

(b) Employees not in an alternative Plan at the time of retirement shall not be allowed to enroll in any alternative plan except that; any retiree may voluntarily enroll in a City sponsored retiree only Plan.

A retiree may only enroll in alternative plans other than the City Modified Plan when:

(a) The retiree selecting plans other than the City's Modified Plan must

agree that the City's financial contribution to a premium payment for any other Plan shall not exceed the current contribution amount the City would pay if the retiree is enrolled in the City Modified Plan, and

(b) The individual retirees will be required to sign a form that indicates their agreement with these conditions.

The City reserves the right to eliminate these additional plans and the choice of multiple plans is not a vested right. Like the City Modified Plan, the City reserves the right to make plan design changes as necessary in these Alternative Plans.

14.6 Medicare Supplemental Coverage Requirements only for Employees Hired on or Before June 31, 2011.

The City reserves the right to terminate reimbursement payments for Part A Medicare coverage, in which event the retiree will receive the City's modified medical plan which includes medical design changes effective September 1, 2011 as the primary health coverage, with the premiums for such coverage to be paid by the City. The coverage provided pursuant to this section shall apply to the retiree and his/her spouse

Under the federal Health Care Reform Plan, sponsors may modify the medical benefits provided to retirees only. The City will modify its retiree health care plan to reflect the following:

(a) Return Plan benefits for Acupuncture to 12 visits per year (instead of unlimited) and returns the payment percentage paid to 60% (instead of 80%);

(b) Return Plan benefits for Alcohol and Drug Treatment admissions to 30 days and 3 lifetime admissions (instead of unlimited);

(c) Return Plan benefits for Outpatient Mental Health or Nervous Disorder services to 15 visit maximum (instead of unlimited);

(d) Change Plan benefits for Preventative care and wellness to 80% instead of current 100%;

(e) Return Plan benefits on the lifetime cap on plan benefits to $2.5 million (instead of unlimited);

(f) Return Plan benefits on the maximum age of dependent children to be enrolled in the Plan to age 19 unmarried, and not serving in the armed forces to 23 if attending school full time and qualifies as a dependent for federal income tax purposes.(instead of age 26); and

(g) Change Plan benefits for Emergency room benefits.

~~14.6 Retirement Medicare Supplemental Plan~~

~~Employees retiring on or after January 1, 1997, who are eligible for the Retirement Medical Allowance, pursuant to section 14.3 4, will, at age 65, become eligible for Medicare Supplemental Coverage under the City's Modified Employee Medical Plan which includes changes to the plan effective September 1, 2011. Coverage will be supplemental and secondary to Medicare (reduced by any amounts payable to Medicare). This lifetime benefit is provided to the employee and the employee's spouse. The employee shall be responsible for paying any associated costs for obtaining Medicare coverage Part A and Part B. Employees hired on or after July 1, 2011 shall not be eligible for any Retirement Medical Allowance pursuant to section 14.4 above and shall not become eligible for Retirement Medicare Supplemental Plan under the City's Modified Medical Plan.~~

~~14.7 Defined Contribution Plan for Retiree Medical for Unit Members Hired on or after July 1, 2010 but before July 1, 2011.~~

~~For employee hired on or after July 1, 2010 but before July 1, 2011, the City shall establish a defined contribution plan for retiree medical that operates through a Retiree Medical Trust ("Trust").~~

~~14.8 Retiree Medical Trust for Members Hired on or after July 1, 2010 but before July 1, 2011~~

~~(a) Establishment of Retiree Medical Trust~~

~~As soon as practical, the City shall establish a Retiree Medical Trust ("Trust") that will be governed by Trustees selected by the unit members and the City for the purpose of receiving employee and employer contributions, and for paying a monthly distribution to the City's health plan to subsidize premiums on behalf of eligible retirees.~~

~~(b) Tax Issues~~

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~~The City will seek a ruling from the Internal Revenue Service so that employee and employer contributions will be deemed pre-tax. The City will also seek tax-exempt status for the Trust's earnings and the benefits paid from the Trust~~

Section 15. Salaries

15.1 Salary

There will be no increases to salary ranges during the term of this MOU.

All salaries hereby established and explained in other parts of section 15 shall no longer be fitted to the Stockton Salary Matrix as set forth in the City of Stockton Salary Schedule. Instead, all salary steps hereby established and explained in other parts of section 15 shall be assigned a fixed percentage of 5.14% between salary steps, and any salary ranges established on or after October 1, 2008, shall be assigned a fixed percentage of 5.0% between salary steps.

The salary for each job classification, as set forth in the City of Stockton Salary Schedule the standard rate of pay for full time employment, unless the schedule specifically indicates otherwise.

The salary as set forth in the City of Stockton Salary Schedule do not include reimbursement for actual and necessary expenses for traveling, subsistence and general expenses authorized and incurred incident to City employment.

15.2 Salary upon Appointment

Except as herein otherwise provided, the entrance salary for a new employee entering the classified service shall be the minimum salary for the class and level to which appointed. When circumstances warrant, the Director of Human Resources may approve an entrance salary which is more than the minimum salary for the class and level to which an employee is appointed. Such salary may not be more than the maximum salary for the class and level to which that employee is appointed.

15.3 Salary Equivalents

Any monthly, daily or hourly rate of pay may be converted into an equivalent rate of pay or to any other time bases when, in the judgment of the Director of Human Resources or the City Manager, such a conversion is advisable. In determining equivalent amounts on different time bases the City shall provide tables or regulations for the calculation of payment for service of less than full time, and for use in converting monthly salaries to hourly rates, as well as for calculating hourly rates. Overtime rate and premium pay shall be calculated according to the provisions of the Fair Labor Standards Act.

15.4 Salary Step Plan

(a) The first salary step shall be the minimum salary rate and shall be the normal hiring salary rate for the class. In a case where a person possesses unusual qualifications, the Director of Human Resources may authorize appointment above the first salary step after receiving the recommendation of the department head. The same provision shall apply to hourly paid and part-time employees.

The second salary step shall be paid upon the satisfactory completion of six (6) months service at the first salary step upon the written recommendation of the department head and approval from the Director of Human Resources.

Subsequent salary steps shall be paid upon the satisfactory completion of one (1) year service at the preceding salary step of the job classification and upon the written recommendation of the department head and approval from the Director of Human Resources.

Regardless of an employee's length of service, step advancements in any given class may be made upon recommendation of the department head with the approval of the Director of Human Resources.

Salary step increases shall be effective the first day of the pay period following appointment or revision. If the date of appointment or revision is the first day of a pay period, salary step increases shall be as of that date.

(b) If a department head recommends withholding salary step increases because an employee has not achieved the level of performance required, notice must be received by the Human Resources Department at least four (4) weeks in advance of the employee's eligibility date. The affected employee shall be furnished a copy of the department head's recommendation. Failure to abide by the above four-week limitation shall not automatically cause a step increase to be granted; however, if an employee does not receive notice by the actual anniversary date, the increase shall be automatically granted.

(c) Changes in an employee's salary because of promotion, demotion, postponement of salary step increase or special merit increase will set a new salary anniversary date for that employee, which date shall be as stated in the preceding paragraph.

(d) Salary range adjustments for a classification will not set a new salary anniversary date for employees serving in that classification.

15.5 Salary Step after Military Leave

All employees who have been granted military leave shall, upon their return to the City service, are entitled to the automatic salary advancements within the range of their classification for the period they were in the military service.

15.6 Salary Step When Salary Range is Increased

Whenever the monthly schedule of compensation for a class is revised, each incumbent in a position to which the revised schedule applies shall be entitled to the step in the revised range which corresponds to the employee's step held in the previous range, unless otherwise specifically provided for by the Director of Human Resources.

15.7 Salary Step After Promotion or Demotion

(a) When an employee is promoted from a position in one class to a position in a higher class, and at the time of promotion is receiving a salary equal to, or greater than, the minimum rate for the higher class, that employee shall be entitled to the next step in the salary scale of the higher class which is at least five percent (5%) above the employee's current salary, except that the next step shall not exceed the maximum salary of the higher class.

(b) When an employee is demoted, whether such demotion is voluntary or otherwise, that employee's compensation shall be adjusted to the salary prescribed for the class to which demoted.

(1) "If the salary of the employee is reduced for cause or disciplinary reasons, the employee shall receive the salary at the same step prior to promotion."

(2) "If the salary of the employee is reduced through no fault of the employee (i.e., layoff), the salary at demotion shall be at the nearest lower salary to that which was received prior to the demotion."

15.8 Transfer

An employee may be transferred from a class in one department, or to a position of the same class in another department, or to a comparable class, with the approval of both the employee and Department Heads. In the case of a comparable class, the employee must be qualified, as determined by the Director of

Human Resources. The Director of Human Resources, in making such a determination, must assure that the maximum salary rate for the classes in question must be equal to or less than the employee's current top step salary, and shall consider, among other things, whether the employee possesses the minimum qualifications for such class, and is able to demonstrate through education, experience, or successful completion of pertinent test, that he/she is qualified for the transfer. If the transfer involves a change from the jurisdiction of one appointing authority to another, both must consent thereto.

15.9 Salary on Reinstatement

If a former employee is reinstated in the same position, previously held or to one carrying a similar salary range, the employee's salary shall not be higher than the salary at the time of separation unless there has been an increase within the salary range.

If a former employee is reinstated to a position in a lower class the employee's salary shall be set at the same step previously held, but in the pay range of the lower classification.

15.10 "Y" Rate

When an employee's classification is changed to a lower paid classification as the result of a classification study or other action, the employee may be placed on a "Y" rate. A "Y" rate means that the monthly compensation for the employee shall remain in effect until such time as further changes in the pay range of the new classification exceeds the "Y" rate.

15.11 Acting Pay

(a) General Provisions. Any employee in this unit who is assigned by a supervisor to work in a higher paid classification for two (2) or more hours in one (1) day, shall receive the rate of pay in the step of the higher classification which would have been received if the employee had been promoted into that classification, or at least five percent (5%) more than the employee's salary in the present classification, whichever is greater. Out-of-class assignment pay during overtime status will commence at the first hour worked.

(b) When there is an existing promotional eligibility list, and acting pay assignment is expected to be for more than twenty (20) work days, acting pay shall be assigned from the top three (3) on the promotional eligibility list. If the assignment is for twenty work days or less, the highest ranking employee on the promotional list within the division shall be assigned. When there is no eligible

list, section (c) below shall apply.

(c) If there is no existing list, acting pay selection shall be made from the five (5) most qualified employees in the section.

(1) Sections are defined, for the purpose of this clause only, as the sub-groups listed under the following department:

Public Works Department - (1) Street Maintenance, (2) Traffic Devices, (3) Electrical/Traffic Signals, (4) Fleet, (5) Facilities Maintenance, (6) Community Enhancement, (7) Parks, and (8) Trees.

(2) Qualifications for the purpose of this Section, as determined by the department head or designee, shall include all the following equal factors:

(a) Seniority in grade within any class immediately below the vacant position.

(b) Worker experience relative to the vacant position.

(c) Prior job performance and attendance.

(d) Certificates or other formal qualification devices such as eligibility lists.

If all things are equal based on above factors, the seniority within the City shall be considered.

(3) The opportunity for acting pay shall be rotated among the five (5) most qualified employees within each section.

(d) Assignments from other than a promotional eligibility list shall not exceed 120 days per fiscal year per employee.

15.12 Special Assignment Pay

The City Manager may approve additional compensation in an amount not to exceed one additional salary step when an employee is assigned in writing by the supervisor to perform additional duties and responsibilities beyond the scope of the assignment for the duration of the special assignment.

Any employee assigned to the Tree Spray Crew shall receive an additional five

percent (5%) special assignment pay per day when assigned in writing by the supervisor to spray trees and performs such work four (4) or more hours in any one (1) day.

Section 16. Severability of Provisions

In the event that any provision of this Memorandum of Understanding is declared by a court of competent jurisdiction to be illegal or unenforceable that provision of the Memorandum of Understanding shall be null and void but such nullification shall not affect any other provisions of this Memorandum of Understanding, all of which other provisions shall remain in full force and effect.

In the event that Federal legislation changes the current applicability of the Fair Labor Standards Act, both parties agree to consult and/or confer on the impacts of such legislation to the extent required by law.

Section 17. Past Practices and Existing Memoranda of Understanding

Continuance of working conditions and practices not specifically authorized by ordinance or by resolution of the City Council is not guaranteed by this Memorandum of Understanding.

This Memorandum of Understanding shall supersede all existing Memoranda of Understanding between the City and the Union.

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Section 18. Scope of Agreement

Except as otherwise specifically provided herein this Memorandum of Understanding fully and completely incorporates the understanding of the parties hereto and constitutes the sole and entire agreement between the parties on any and all matters subject to meeting and conferring. ~~Neither party shall, during the term of this Memorandum of Understanding, demand any change therein nor shall either party be required to negotiate with respect to any matter; provided that nothing herein shall prohibit the parties from changing the terms of this Memorandum of Understanding by mutual agreement.~~

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Section 19. Duration of Agreement

This Memorandum of Understanding shall be effective the date of execution, and shall remain in full force and effect to and including the 30th day of June, 201**3** ~~2 and shall continue thereafter from year to year unless at least sixty (60) days prior to July 1 either party shall file written notice with the other of its desire to amend, modify, or terminate this Memorandum of Understanding~~.

AB 506 Labor Mediation Proposal

Section 20. Maintenance of Operations/City Rights

(a) It is recognized that the need for continued and uninterrupted operation of City services is of paramount importance. Therefore, the Union and each employee represented thereby agrees that from the date of execution, through exhaustion of the impasse process/mediation/fact finding as set forth in the Employer/Employee Relations Ordinance, the Union or any person acting in its behalf, or each employee in a classification represented by the Union, shall not cause, authorize, engage in, encourage, or sanction a work stoppage, slowdown, refusal of overtime work, refusal to operate designated equipment (provided such equipment is safe and sound), or picketing, other than informational picketing, against the City or the individual or concerted failure to report for duty or abstinence from the full and faithful performance of the duties of employment, including compliance with the request of another labor organization or bargaining unit to engage in such activity in an attempt to induce a change in wages, hours, and other terms and conditions of employment.

(b) An employee shall not be entitled to any wages or City paid benefits whatsoever if the City Council, by majority vote, determines to its satisfaction, that the employee is, or has, engaged in any activity prohibited by subsection (a) of this Section. The City may take other action which it deems appropriate.

(c) If the City Council, by majority vote, determines to its satisfaction, that subsection (a) of this Section has been violated by the Union, the City may take such remedial action as it deems appropriate.

(d) The Union recognizes the duty and obligation of its representatives and members to comply with the provisions of this Memorandum of Understanding and to make every effort toward inducing all employees in this unit to fully and faithfully perform their duties. In the event of any activity prohibited by subsection (a) hereinabove, the Union agrees to take supererogatory steps necessary to assure compliance with this Memorandum of Understanding.

(e) The rights of the City as set forth in section 2-206 of the Employer-Employee Relations Ordinance, (Stockton Municipal Code, §§ 2-200, *et seq.*) are incorporated herein by reference.

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IN WITNESS WHEREOF the parties hereto have executed this Memorandum of Understanding on this ____ day of _____ 2012~~1~~.

OPERATING ENGINEERS LOCAL UNION NO. 3 of the International Union of Operating Engineers, AFL-CIO

By:_____

Its: Business Representative

By:_____

Its: Director of Public Employee Division

By:_____

Its: Member

By:_____

Its: Member

By:_____

Its: Member

CITY OF STOCKTON, a municipal corporation

By: _____
ALLYSON S. HAUCK
Its: Chief Negotiator for City

By:_____
TERESIA HAASE
Its: Director of Human Resources & Employee Relations Officer

By:_____

APPROVED AS TO FORM:

JOHN LUEBBERKE
CITY ATTORNEY

By:_____

Deputy City Attorney

CITY OF STOCKTON

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CITY OF STOCKTON

MEMORANDUM OF UNDERSTANDING
SUPERVISORY UNIT
MUNICIPAL UTILITIES DEPARTMENT

Operating Engineers' Local 3, AFL-CIO and representatives of the City of Stockton have met and conferred in good faith regarding wages, hours and other terms and conditions of employment of employees in the representation unit identified in Section 1, have exchanged freely information, opinions and proposals and have endeavored to reach agreement on all matters relating to the employment conditions and employer-employee relations of such employees.

This Memorandum of Understanding is entered into pursuant to the Meyer-Milias-Brown Act (Government Code sections 3500-3510) and has been jointly prepared by the parties.

This Memorandum of Understanding shall be presented to the Stockton City Council as the joint recommendations of the undersigned for salary and benefit adjustments for the period commencing July 1, 201**2** ~~1~~ and ending June 30, 201**3** ~~2~~.

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Section 1. Recognition

Operating Engineers' Local 3, AFL-CIO, hereinafter referred to as the "Union," is the recognized employee organization for the Supervisory Unit, certified pursuant to Resolution No., adopted by the City Council on.

Section 2. Union Security

2.1 Dues Deduction

(a) General. The Union may have the regular dues of its members within the representation unit deducted from employees' paychecks under procedures prescribed by the City for such deductions. The Union has the exclusive privilege of dues deduction for its members.

Authorization, cancellation or modification of payroll deductions shall be made upon forms provided or approved by the City. The payroll deduction authorization shall remain in effect until canceled or modified by the employee by written notice to the City or until the first day of the calendar month following the transfer of the employee to a unit represented by another employee organization as the representative of the unit to which the employee is assigned, or until employment with the City is terminated.

Additional authorization shall not be required for deduction of increased membership dues when such increase has been duly approved by the membership of the Union. Notification of such approval shall be forwarded to the City in the form of written notice on official Union letterhead and signed by the duly authorized Union official. Upon receipt of notification, the City shall authorize the payroll deduction of the increased amount.

If an employee is promoted to a position which is represented by another employee organization or to an unrepresented unit, membership dues for the former unit will not be deducted from the employee's paycheck by the City.

Amounts deducted and withheld by the City shall be transmitted to the officer designated in writing by the Union as the person authorized to receive such funds, at the address specified.

In addition to the deduction of dues, the City will deduct from the paychecks of Union members who request it, premiums for group insurance and investment plans sponsored by the Union. Such deductions shall be made in one lump sum and only upon signed authorization from the employee upon a form satisfactory

to the City. ~~Such authorizations may be made or changed no more frequently than twice yearly.~~

The employee's earnings must be sufficient after all other required deductions are made, to cover the amount of the deductions herein authorized. When an employee is in a non-pay status for an entire pay period, no withholdings will be made to cover that pay period from future earnings nor will the employee deposit the amount with the City which would have been withheld if the employee had been in pay status during that pay period. In the case of an employee who is in a non-pay status during a part of the pay period, and the salary is not sufficient to cover the full withholding, no deduction shall be made.

In this connection, all other required deductions have priority over the employee organization deduction.

(b) Indemnity and Refund. The Union shall indemnify, defend and hold the City harmless against any claim made and against any suit initiated against the City on account of check off of Union dues or premiums for benefits. In addition, the Union shall refund to the City any amounts paid to it in error upon presentation of supporting evidence.

[NOTE: INCORPORATED FROM 2009 SIDE LETTER RE: UNION SECURITY.]

2.2 Agency Fee

(a) Employee Rights

(1) The City and the Union recognize the right of employees to form, join, and participate in lawful activities of employee organizations and the equal, alternative right of employees to refuse to form, join and participate in employee organizations. Neither party shall exert pressure upon or discriminate against an employee in the exercise of these alternative rights.

(2) Accordingly, membership in the Union shall not be compulsory. A unit member has the right to choose, either: to become a member of the Union; or, to pay to the Union a fee for representation services; or, to refrain from either of the above courses of action upon the grounds set forth in Section (f) below.

(b) Unit Members' Obligation to Exclusive Representative

(1) A bargaining unit member who does not fall within one (1) of the

exempted categories as set forth in Section (f) below, and who has not voluntarily made application for membership in the Union within the sixtieth (60) day following the date upon which said employee has been formally hired by the City as a bargaining unit employee, must as a condition of continued employment in the City pay to the Union a representation fee, in exchange for representation services necessarily performed by the Union in conformance with its legally imposed duty of fair representation on behalf of said unit member who is not a member of the Union.

(2) In the event that a unit member does not become a member of the Union or pay such fee directly to the Union, the City shall begin automatic payroll deduction. There shall be no charge to the Union for such mandatory agency fee deductions.

(3) Prior to beginning such automatic payroll deduction, the Business Representative of the Union will certify to the City in writing that the employee whose pay is to be affected by the deduction has: 1) refused to join the Union; and 2) has refused to tender the amount of the agency fee as defined herein; and 3) has not applied for an exemption under Section (f) herein. In addition the Union must also certify that it has provided the employee with a copy of the fee verification required by Section (e) herein.

(c) Definition of Agency Fee

(1) The agency fee collected pursuant to Section (b) above from unit members who are not members of the Union shall be an amount not to exceed the standard initiation fee, periodic dues and general assessments of the Union for the duration of this Agreement, minus any amount which is prohibited by the Constitution because such funds pay for political or ideological purposes not related to collective bargaining.

(2) Any dispute as to the amount of the representation fee shall be resolved pursuant to the provisions of Section (h) herein.

(d) Exceptions. Unit members on leave without pay and unit members who are in laid-off status shall be exempt from these provisions herein; except that the election as to membership or payment of a fee as set forth herein must be exercised within the first ten (10) work days upon return to paid status.

(e) Annual Verification of Agency Fee by the Union. Prior to January 31, of each year and before the collection of an agency fee from any unit

member pursuant to these provisions herein, the Union shall submit a written certification to the fee payers verifying that the total amount of its representation fee conforms to Section (c) above, and itemizing all component parts of such fee which shall provide an adequate explanation for the basis of the fee. Each year such amount shall be verified and submitted in writing to the fee payers by the Union prior to January 31st. The Union will submit a copy of such verification to the Director of Human Resources of the City. The parties agree that such annual verification is a condition precedent to the collection by either the City or the Union of a representation fee from a unit member.

(f) Employees Exempted From Obligation to Pay Union

(1) Any unit member shall be exempt from the requirements of Section (b) above, if such employee has a bona fide religious objection as defined by Section 3502.5 of the Government Code to the payment of any fee in support of a Union or "employee organization" as defined in Section 3540.1(d) of the Government Code.

(2) Such exempt unit member shall, as an alternative to payment of a representation fee to the Union, pay an amount equivalent to such representation fee to:

a. United Way.
b. American Cancer Society.
c. Any charity jointly agreed in writing by the parties.

(3) If a unit member desires to be exempted for reasons set forth in Section (f) herein, the unit member must first request such exemption in writing from the Union setting forth briefly the rationale for the exemption. If the Union notifies the unit member in writing that the Union will not honor the request, then the matter shall be referred automatically to a panel for determination according to the procedure set forth below. The panel shall be composed of one (1) person selected by the Union, one (1) person selected by the unit member, and an arbitrator selected by the parties chosen from a list submitted by the State Conciliation Service. If either one or both parties fail to nominate a panel member, the process of hearing will continue without that party's panel member.

(4) The panel shall first receive arguments and evidence from the unit member requesting the exemption. Thereafter the Union may present any arguments or evidence. The proceedings shall be conducted in an informal manner, and the rules of evidence will not apply. The arbitrator

shall act as chair and rule on all matters before the panel with the exception of the final determination of the panel. The panel shall prepare a written decision within fifteen (15) calendar days of the completion of the hearing which shall be final and binding upon the parties. Any expenses of the panel shall be borne by the parties incurring them.

(5) Upon receipt of the decision of the panel, the City shall release any funds held in escrow to the Union or to the charity. Any decision by the panel shall apply for the duration of this Memorandum of Understanding.

(6) In addition, the Union may require such exempt unit member to submit proof of payment of an amount equivalent to such representation fee to one (1) of the alternative funds or organizations listed above. If the bargaining unit member has not provided payment, the City will institute deductions pursuant to Section (b)(2), and forward such monies to a charity listed in Section (f)(2).

(7) Such payments shall be made on or before January 31, of each year or no more than thirty (30) days after commencing duties for any newly hired employee.

(g) Escrow Account. If any unit member either disputes the amount of the fee or disputes whether or not an exemption was appropriately denied, the City shall deposit the fee which was deducted and place such amount into a special escrow account established by the Union for such purposes.

(h) Procedure for a Unit Member Who Contests the Amount of the Fee

(1) The parties agree that in order to provide a uniform definition of the representation fee, any disputes involving the amount of such fee shall be referred to the Union's procedure for determination, provided that the parties have first complied with the other provisions of this Section.

(2) The Union shall notify the City in writing within twenty (20) days after it becomes aware that any employee disputes the amount of the fee.

(3) The Union will verify in writing to the City that all of the conditions of Section (b)(3) have been met prior to the City's initiation of the fee deductions set forth in Section (b)(2). Thereafter, the City will notify the affected employee in writing that such deductions will commence and a copy of the Union's written verification will be attached to the City's notice. Thereafter, the City will begin the deductions.

The monies held in escrow shall be released to the appropriate party upon the rendering of a final decision by the Union's internal procedure.

(i) Payment Method/Payroll Deduction

(1) A unit member may voluntarily sign and deliver to the City a written assignment authorizing deduction of the properly established representation fee as defined in Section (c) above, subject to the conditions set forth elsewhere in this agreement for payroll deductions, or the amount of the fee will be deducted automatically in accordance with Section (b)(2) herein.

(2) The City is under no obligation to make payroll deductions for the periods during which a unit member is either terminated from active employment, or not on the City's active payroll for any reason, including, but not limited to, layoff and voluntary leave of absence for more than thirty (30) days.

(3) Upon the rehiring of any unit member, or upon the recalling of any unit member from layoff status, the City will resume or initiate dues deductions for such unit member.

(j) Obligations of Parties

(1) City's Obligations. The City's obligation under this Article is to notify any unit member who has failed to comply with the provisions of this Section that, as a condition of continued employment with the City, such unit member must become an Union member, or pay a representation fee, or establish an exemption status and make payment pursuant to provisions of Sections (b) and (f) of this Agreement. Under no circumstances shall the City be required to dismiss or otherwise discipline any unit member for failure to fulfill their obligations to pay the fees established herein.

(2) Union's Obligations. Except as specified herein, the Union and not the City, shall be responsible for requiring unit members to fulfill obligations defined herein. It is the obligation of the Union to collect any representation fees which may be due and payable to the Union in consideration for its services as the exclusive representative of unit employees.

(k) Hold Harmless Provision. The Union shall hold the City harmless, and shall fully and promptly reimburse the City for any fees, costs, charges or penalties incurred in responding to or defending against any claims,

disputes, challenges, whether formal or informal, which are actually brought, or attempted or threatened to be brought, against the City or any of its agents, or employees, in connection with the interpretation, application, administration or enforcement of any Section of this Agreement pertaining to representation fee. Such reimbursement shall include, but not be limited to, court costs, litigation expenses, and attorney's fees incurred by the City. The City shall have the right to be represented by its own attorney in any action in which it is a named party to the action. Disputes over the amount of reimbursement shall be automatically submitted to the arbitration provisions of this Memorandum, Section 8.3(e).

2.3 Use of City Facilities

(a) The Union shall be allowed by the City department in which it represents employees' use of space on available bulletin boards for communications having to do with official Union business, such as times and places of meetings, provided such use does not interfere with the needs of the department. The Union may submit to the City Employee Relations Officer written communications having to do with official Union business for distribution by the City to identified shop stewards. Distribution may be by e-mail.

(b) Any representative of the Union shall give notice to the department head or designated representative when contacting department employees on City facilities during the duty period of the employees, provided that solicitation for membership or other internal Union business shall be conducted during the non-duty hours of all employees concerned. Pre-arrangement for routine contact may be made with individual department heads and when made shall continue until revoked by the department head.

(c) City buildings and other facilities may be made available for use by City Employees of the Union or their representatives in accordance with such administrative procedures as may be established by the City Manager or department heads concerned.

2.4 Advance Notice

Except in cases of emergency, reasonable advance written notice shall be given to the Union if affected by any ordinance, resolution, rule or regulation directly relating to matters within the scope of representation proposed to be adopted by the City and shall be given the opportunity to negotiate if requested with the designated management representatives prior to adoption.

In cases of emergency when the foregoing procedure is not practical or in the best public interest, the City may adopt or put into practice immediately such measures as are required. At the earliest practicable date thereafter the Union shall be provided with the notice described above and be given an opportunity if requested to negotiate changes to said notice with the management representatives designated by the City Manager.

2.5 Attendance at Meetings by Employees

City employees who are official representatives or unit representatives of the Union shall be given reasonable time off with pay to attend meetings with City management representatives, or ~~be present at City hearings~~ where matters within the scope of representation or grievances are being considered. Such employee representatives shall submit a request for excused absence to their respective department heads, in a manner satisfactory prior to the scheduled meeting whenever possible. **Time spent for these purposes while a representative is not scheduled to work shall not be compensated by the City and shall not be considered as hours worked.** Except by mutual agreement the number of the employees excused for such purposes shall not exceed three (3) per recognized bargaining unit.

~~Time spent for this purpose during the representative's scheduled hours of work count as hours worked. Time spent for this purpose which may exceed the representative's regularly scheduled hours of work shall be compensated as overtime or compensatory time.~~

2.6 Maintenance of Membership

All employees in the Supervisory Unit who are members of the Union, tendering periodic dues at the execution of this agreement, and all employees who thereafter become members of the Union shall, as a condition of employment, pay dues to the Union for the duration of this Memorandum of Understanding, and each year thereafter. For a period of thirty (30) days prior to January 1, 2009 and thirty (30) days prior to any January 1, thereafter, any employee in the aforementioned unit who is a member of the Union shall have the right to withdraw from the Union discontinuing dues payments and retain employment in the City, subject to provisions of Section 2.2. Agency Fee. Said withdrawal shall be communicated by the employee in writing to the City. The provisions of this section shall be operative only to the extent that they are permissible under California law.

2.7 Assignment of Classifications

New job classifications established by the City shall be assigned to the bargaining unit pursuant to Section 8 (b) of the City's Employer-Employee Relations Resolution after providing notice and the opportunity to consult with the Union regarding such matters.

2.8 Contract Ratification

Ratification votes for Contract will be handled on city time during the day.

Section 3. Compliance with Federal Laws/Safety

3.1 Non-Discrimination. The City and the Union agree that there shall be no discrimination of any kind because of **age (over 40),** race, creed, color, religion, national origin, **(ancestry), veterans status, physical or mental disability, marital status, sexual orientation,** sex (**sexual, gender based, pregnancy/childbirth)**, political affiliation or legitimate union activity **or on any other basis prohibited by applicable federal and State law** against any employee or applicant for employment. **In addition, the Union shall cooperate with the City, to the extent authorized by federal and State laws and regulations, in furthering the City's objective of promoting equal employment opportunities.**~~; and to the extent prohibited by applicable State and Federal law there shall be no discrimination because of age.~~

3.2 Fair Labor Standards Act. The Union agrees to cooperate with the City to insure its members' compliance with the provisions of the Fair Labor Standards Act.

3.3 Safety. The Union shall cooperate with the City in promoting safety objectives as defined in Federal, State and local regulations by actively supporting safety programs, promoting safe work habits of members and encouraging an ongoing, active participation by its members in safety related procedures and practices as offered and promulgated by the City of Stockton.

Section 4. Probation

4.1 Purpose

The probationary period shall be utilized for closely observing the employee's work, for securing the most effective adjustment of a new employee to a position, and for rejecting any probationary employee whose performance does not meet the required standards of work.

4.2 Original Entrance and Promotional Positions

All original and promotional appointments shall be ~~tentative and~~ subject to a probationary period of six (6) months. ~~The probationary period shall not be extended.~~ **The probationary period may be extended up to an additional six (6) months in those cases where the appointing authority and the Director of Human Resources agree that such extension would be beneficial to the employee and the City.**

4.3 Retention/Rejection of Probationer

At the end of the probationary period, if the service of the probationary employee has been satisfactory to the appointing authority, then the appointing authority shall file with the Director of Human Resources a statement in writing to such effect and stating that the retention of such employee in the service is desired. The City will make a good faith effort to notify a probationary employee two (2) weeks before the end of the probationary period whether or not regular status is granted; however, a failure on the part of the appointing authority to file such a statement at the end of the probationary period shall constitute a rejection of the probationer as defined in Civil Service Rules.

During the probationary period an employee may be rejected at any time by the appointing authority. Any employee rejected during the probationary period following a promotional appointment, shall be reinstated to the position from which promoted unless charges are filed and the employee is discharged in the manner provided in Section 7 of this Memorandum of Understanding and in the Civil Service Ordinance and Civil Service Rules, which are consistent therewith.

Section 5. Layoff

5.1 Layoff

Any employee may be laid off by an appointing authority in the event of the abolition of the employee's position by the City Council, or if a shortage of work or funds requires a reduction in personnel.

5.2 Layoff Scope

(a) Layoffs shall be within departments of the City.

(b) Departments of the City are defined as follows:

(1) Administrative Services
(2) City Attorney
(3) City Auditor

(4) City Clerk
(5) City Manager
(6) Community Development
(7) Community Services
(8) Economic Development
(9) Fire
(10) Human Resources
(11) Municipal Utilities
(12) Police
(13) Public Works

5.3 Notice of Layoff

The City will give advance written notice of at least one pay period to employees who will be laid off.

5.4 Precedence by Employment Status

(a) No regular employees shall be laid off while employees working in an extra help, seasonal, temporary, provisional, or probationary status are retained in the same classification as such regular employee. The order of layoff among employees not having regular status shall be according to the following categories:

(1) extra help or seasonal
(2) provisional
(3) temporary
(4) probationary

Layoffs shall be by job classification according to reverse order of seniority as determined by total service in that class, except as specified above. For the purpose of this procedure part-time classes shall be considered as separate from regular full-time classes.

The following provisions shall apply in computing total continuous service:

(1) Time worked in a regular or probationary status shall count as service.
(2) Time spent on military leave shall count as service in the event the leave was taken subsequent to entry.
(3) Time worked in an extra help, seasonal, provisional, temporary, grant or other limited term status shall not count as service.

If two (2) or more employees have the same seniority, the **order of seniority shall be determined by their respective ranking on the eligibility list for hire.** ~~most recent performance evaluation shall determine seniority~~.

If two (2) or more employees have the same seniority, but were not hired from a ranked eligibility list, the order of seniority shall be determined by lot.

If two (2) or more employees have the same seniority, but were hired from separate ranked eligibility lists, the order of seniority shall be determined by lot.

(b) Any employee in the Supervisory Unit who is laid off may complete a City employment application for any position currently staffed by a part time, provisional, or temporary employee. The Human Resources Department will evaluate the employment application. If the laid off employee meets the minimum qualifications of that position, he/she shall have the option of displacing the part time, provisional, or temporary employee.

5.5 Employee Options

Employees laid off shall have any of the following choices:

(a) Displacing the employee in the same department and in the same or clearly comparable classification as determined by the Director of Human Resources as having the least seniority in that classification. This option shall be exercised before any other option.

(b) Taking a voluntary demotion within the department to a classification in which the employee had prior regular status, thus displacing the employee working in the classification who has the least seniority in that classification.

5.6 Health and Welfare Benefits during Layoff

Regular employees who are laid off will have an option of maintaining their existing health and welfare benefits for thirty-six (36) months from the date of layoff, provided timely payments of the premiums by the employee are made to the City, according to City regulations, and provided the employee otherwise meets the requirements of Federal and State regulations.

Section 6. Reemployment

(a) The name of each employee who is laid off in accordance with Section 5. shall be placed at the head of the eligibility list for the class of positions which that employee held, and shall be given preference in filling vacancies in that class.

(b) An employee laid off in accordance with this Section shall be placed on the eligibility list or lists for any lower or comparable class or classes in the same department, provided that the appointing authority and the department head in charge of this lower or comparable class determine that the employee is competent to perform the duties thereof in strict accordance with the class specifications. This right of a laid off employee shall remain effective for two (2) years from the date of latest separation from the service. The employee shall not be placed on said eligibility list or lists without first submitting a written request. Employee's place on said list or lists shall be at the head of the eligibility list for the class of positions for which qualified as hereinabove set forth and shall be given preference in filling vacancies except for those persons placed on said list or lists of reemployment in the same positions previously held. **An employee who waives reemployment shall have his/her name removed from this reemployment list unless mutually agreed to by the Department and employee.** Upon certification for appointment to a new position never having been held by this employee, the probationary period must be completed as required in this Memorandum of Understanding.

Section 7. Discipline

Disciplinary action, including discharge, suspension, reduction in pay or demotion, may be taken against any employee for cause.

Upon the employee's written request and department head's approval, all written reprimands shall be removed from the employee's official personnel file after a period of one (1) year, if there has been no reoccurrence of the infraction and the employee has a good work record. Upon the employee's written request and department head's approval, all other disciplinary records shall be removed from the employee's official personnel file after two (2) years, if there has been no reoccurrence of the infraction and the employee has a good work record. In no event, upon the employee's written request, shall written reprimands remain in the employee's official personnel file after five (5) years from the date of written notice.

7.1 Predisciplinary Rights

An employee facing potential disciplinary action will be entitled to the following predisciplinary rights:

(a) Notice of proposed discipline.

(b) Date(s) proposed discipline will be effective.

(c) Reasons for the proposed discipline, the specific grounds and particular facts upon which the action is taken.

(d) Ten (10) calendar days in which an employee or the representative may respond either orally or in writing to the department head.

(e) The employee must be provided with any written materials, reports and documents upon which the action is based.

7.2 Administrative Leave

The City may place an employee on administrative leave with pay pending the completion of the predisciplinary process.

7.3 Provisions

The appointing authority may discharge, suspend or demote any employee in the classified service provided the Stockton Municipal Code provisions and the rules and regulations of the Civil Service Commission and any applicable provisions of law are followed. Such provisions allow the employee suspended, demoted or discharged to appeal such action. The employee may take only one (1) of the following actions:

(a) File no appeal.

(b) File an appeal with the Civil Service Commission within ten (10) calendar days of written notification of the action. (Such filing will foreclose use of the grievance procedure.)

(c) File a grievance as provided for in Section 8 within ten (10) calendar days of written notification of the action.

If the employee fails to do (b) or (c) above within the prescribed time frames, these rights will have been waived.

Section 8. Grievance Procedures

8.1 Definition

A grievance is any dispute which involves the interpretation or application of those rules, regulations and resolutions which have been, or may hereafter be, adopted by the City Council to govern personnel practices and working conditions, including such rules, regulations and resolutions as may be adopted by either the City Council or the Civil Service Commission to affect Memoranda of Understanding which result from the meeting and conferring process.

8.2 Filing Deadline

(a) No grievance involving demotion, suspension, discharge or other employment penalty will be entertained unless it is filed in writing with the Director of Human Resources within ten (10) calendar days of the time at which the affected employee received written notification of such action. All other grievances must be filed within thirty (30) calendar days from the time the employee knew or had reason to know of the facts giving rise to the grievance.

(b) With written consent of the Director of Human Resources or his/her designee and the Union Business Agent or his/her designee, time limits may be extended and/or Steps 1, 2 and/or 3 of the Grievance Procedure waived.

8.3 Grievance Processing

(a) Step 1 - Departmental Review. Any employee claiming to have a grievance may discuss the complaint with such management official in the department where employed as the department head may designate. If the issue is not resolved within the department within twenty (20) calendar days from the day of presentation or if the employee elects to submit the grievance directly to the Union recognized as the representative of that employee's classification, or if the employee/Union official notifies the Director of Human Resources, in writing, that a grievance exists, the procedure hereinafter specified may be invoked.

(b) Step 2 - Director of Human Resources Review. If the employee is not satisfied with the response at level one, then the employee may appeal the grievance to the Director of Human Resources within twenty (20) calendar days of the receipt of written response at level one. Such appeal must state with particularity: 1) the specific policy, rule or provision which is alleged to have been violated; 2) the statement of facts comprising the violation; and 3) the requested remedy. The Union may file and process grievance(s) on behalf of the specifically named employee. The Director of Human Resources shall have twenty (20) calendar days in which to investigate the issues, meet with the complainant and attempt to reach a satisfactory resolution of the problem. No grievance may be processed under the following two (2) paragraphs which has

not first been filed and investigated in accordance with this paragraph, except for the resolution of compensation complaints.

~~(c) Step 3 - Adjustment Board. If the parties are unable to reach a mutually satisfactory accord on any grievance which arises and is present during the terms of this Memorandum of Understanding, within twenty (20) calendar days of the receipt of the level three response, such grievance shall be submitted to an Adjustment Board comprised of two (2) Union representatives, no more than one (1) of whom shall be either an employee of the City or an elected or appointed official of the Union and two (2) representatives of the City, no more than one (1) of whom shall be either an employee of the City or a member of the staff of any organization employed to represent the City in the meeting and conferring process.~~

(c) ~~(d)~~ Step **3** ~~4~~ - Arbitration. If **the parties are unable to reach a mutually satisfactory accord on the grievance at Step 2** ~~an Adjustment Board is unable to arrive at a majority decision,~~ within twenty (20) calendar days either the Union or the City may require that the grievance be referred to an impartial arbitrator mutually selected by the parties, or if the parties are unable to mutually agree, from a list of seven (7) arbitrators provided by the State Conciliation Service. The arbitrator shall be chosen by the alternative strike method, with first choice being determined by lot. The fees and expenses of the arbitrator and of a court reporter shall be shared equally by the Union and City. Each party, however, shall bear the cost of its own presentation, including preparation and post hearing briefs, if any.

(d) ~~(e)~~ Effect of Decision. Decisions of ~~Adjustment Boards and~~ arbitrators on matters properly before them shall be final and binding on the parties hereto except as provided otherwise herein.

8.4 Scope of Arbitration

(a) No ~~Adjustment Board and no~~ arbitrator shall entertain, hear, decide or make recommendations on any dispute unless such dispute involves a position in a unit represented by the Union and unless such dispute falls within the definition of a grievance as set forth in paragraph 8.1.

(b) Proposals to add to or change this Memorandum of Understanding or written agreements or addenda supplementary hereto shall not be arbitrable and no proposal to modify, amend or terminate this Memorandum of Understanding, nor any matter or subject arising out of or in connection with such proposal, may be referred to arbitration under this Section. No ~~Board of Adjustment or~~ arbitrator selected pursuant to this Section shall have the power to amend or modify this

Memorandum of Understanding or written agreements or addenda supplementary hereto or to establish any new terms or conditions of employment.

No changes in this Memorandum of Understanding or interpretations thereof (except interpretations resulting from ~~Board of Adjustment or~~ arbitration proceedings hereunder) will be recognized unless agreed to by the Director of Human Resources and the Union.

8.5 Other Provisions

If the Director of Human Resources or City Manager, in pursuance of the procedures outlined above, resolves a grievance which involved suspension or discharge, they may agree to payment for lost time or to reinstatement with or without payment for lost time, but in the event the dispute is referred to arbitration and the arbitrator finds that the City had cause to take the action complained of, the arbitrator may not substitute his judgment for the judgment of management and if the findings are that the City had such right, the arbitrator may not order reinstatement and may not assess any penalty upon the City.

Complaints which allege the employee is not being compensated in accordance with the provisions of this Memorandum of Understanding shall be considered as grievances and processed pursuant to Section 8.3. Any other matters of compensation are to be resolved in the meeting and conferring process and if not detailed in the Memorandum of Understanding which results from such meeting and conferring process shall be deemed withdrawn until the meeting and conferring process is next open for such decision. No adjustment shall be retroactive for more than thirty (30) calendar days from the date upon which the complaint was filed.

Specified time limits may be modified only in writing. All appeals and responses must be provided in writing.

A grievant will be provided release time without loss of pay for all required meetings with management. The City cannot discriminate or retaliate in any manner against an employee for filing a grievance or exercising rights under this Section.

The provisions of this Section shall not abridge any rights to which an employee may be entitled under the Stockton Municipal Code and/or Civil Service Rules and Regulations, nor shall it be administered in a manner which would abrogate any power which, under the Stockton Municipal Code , may be within the sole province and discretion of the Civil Service Commission.

All grievances of employees in representation units represented by the Union shall be processed under this Section. If the Stockton Municipal Code and/or the Civil Service Rules and Regulations requires that a differing option be available to the employee, no action under paragraph **(c)** ~~(d) or (e)~~ of Subsection 8.3 above shall be taken unless it is determined that the employee is not utilizing such option.

No action under paragraph **(c)** ~~(d) or (e)~~ of Subsection 8.3 above shall be taken if action on the complaint or grievance has been taken by the Civil Service Commission or if the complaint or grievance is pending before the Civil Service Commission.

If any award by a**n** ~~Board of Adjustment or~~ arbitrator requires action by the City Council or the Civil Service Commission before it can be placed in effect, the City Manager and the Director of Human Resources will recommend to the City Council or the Civil Service Commission, as appropriate, that it follow such award.

Section 9. Leaves

9.1 Vacation Leaves

(a) All regular employees, excluding provisional and temporary shall accrue vacation leave with pay in accordance with the following schedule:

(1) Less than one and one-half (1 1/2) years continuous employment 80 hours/year.

(2) After one and one-half to seven and one-half years of continuous employment 108 hours/year.

(3) After seven and one-half years to fifteen (15) years continuous employment 144 hours/year.

(4) After fifteen (15) to twenty-five (25) years continuous employee 189 hours/year.

(5) Thereafter, seven (7) additional hours for each completed year of service in excess of twenty-five (25) years.

(6) Employees shall accrue vacation on a twice-monthly payroll basis. ~~However, during the August 2011 payroll only, vacation accruals~~

~~that were earned by not yet transferred to employees for the month of July 2011 due to conversion of lump sum to pay period accrual system shall be included in the August payroll run.~~

(b) Maximum Vacation Accrual. Employees reaching the maximum hours shall stop accruing additional hours until they are below the caps listed here. No vacation hours maybe added to sick leave and balances without exception. ~~For employees who on August 1, 2011 have vacation balances that exceeded their maximum, shall have one year to use sufficient vacation to get under the maximum allowed. If an employee does not get below the maximum by that date, they shall retain their existing earned vacation but shall not earn any additional vacation until they are under the maximum accrual allowed.~~

Maximum Vacation Accrual Caps.

40 hour employee	
Under 1.5 yrs	120 hours (15 days)
1.5-7.5 yrs	240 hours (30 days)
7.5-15 yrs	280 hours(35 days)
15-25yrs	320 hours (40 days)
26 yrs	328 hours (41 days)
27 yrs	336 hours (42 days)
28 yrs	344 hours (43 days)
29 yrs	352 hours (44 days)
~~etc~~	

For every year of service beyond 29, the employee is allowed to add an additional seven (7) hours to the maximum accrual cap.

(c) Cash Payment Option for Vacation. An employee may elect to receive cash payment for up to a maximum of forty (40) hours **of accumulated vacation hours** annually except that all cash outs shall be suspended during furlough **or fiscal emergency** periods.

(d) Vacation Cash Out Upon Separation. When an employee is separated from the service between February 17, 2012 and July 1, 2014, the employee's remaining vacation allowance, if any, shall be paid as follows:

(1) Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated vacation hours.

(2) **On the one year anniversary of employee's separation, he/she shall receive the second payment of one third (1/3) or $10,000, whichever is greater, of the balance of his/her unused accumulated vacation hours.**

(3) **On the second anniversary of separation, he/she shall receive the balance payment of the unused accumulated vacation hours.**

(4) **Employees who are involuntarily separated shall have their unused accumulated vacation hours, if any, added to his/her final compensation.**

9.2 Sick Leave

(a) Accrual. All regular full-time employees, except provisional and temporary employees, shall accrue sick leave at the rate of eight (8) hours for each month of completed service.

All regular employees, except provisional and temporary employees, scheduled to work less than a full month shall accrue sick leave on a prorated basis. Unused sick leave shall accrue from year to year. Employees shall continue to accrue sick leave while off duty on authorized sick leave; provided, however, an employee shall not accrue sick leave during any leave or leaves of absence without pay granted to the employee.

(b) Usage. Employees are entitled to sick leave pay for those days which the employee would normally have worked, to a maximum of the hours accrued, described as:

Preventive medical, dental, optical care, illness, injury or exposure to contagious disease which incapacitates the employee from performing normal work duties. This includes disabilities caused or contributed by pregnancy, miscarriage, abortion, childbirth and recovery therefrom.

(c) Family Sick Leave. Employees may utilize **up to one-half of their annual sick leave accrual** ~~sick leave~~ in the case of illness or injury in the employee's immediate family when such illness or injury requires personal care. ~~Such sick leave shall be limited, by the department head, to the time reasonably required to make other arrangements for such care.~~

AB 506 Labor Mediation Proposal

Employees may utilize up to one-half of their annual sick leave accrual in the case of illness or injury in the employee's immediate family when such illness or injury requires personal care that otherwise would not be covered by the FMLA or CFRA Leaves.

Such leave shall be restricted to the employee's parents, spouse, mother-in-law, father-in-law, child, stepchild, brother, sister, brother-in-law, sister-in-law, grandparent, grandchild, legal dependant, and registered domestic partner.

In special cases, with the approval of the Director of Human Resources, a department head may grant the use of sick leave in other circumstances.

It is not the intent of this provision to conflict with any state or federally mandated policies, such as the Family Medical Leave Act ("FMLA"), the California Family Rights Act ("CFRA"), or Pregnancy Disability Leave ("PDL").

(d) Reporting Procedures for Sick Leave. When the requirement for sick leave is known to the employee in advance of the absence (for example, including but not limited to scheduled medical, dental or vision appointments), the employee shall request authorization for such sick leave from the department head prior to such absence. In all other instances, the employee shall notify his/her supervisor as promptly as possible of his/her absence.

(e) Verification Procedures

(1) Before being paid for the use of accrued sick leave, the employee shall submit a signed statement to the department head, on a prescribed form, stating the dates and hours of absence, the exact reason, and such other information as is necessary for the request to be evaluated. If an employee doesn't return to work prior to the preparation of the payroll, other arrangements may be made with the department head.

(2) Doctor's Certificate or Other Proof. ~~If an employee's illness results in an absence from work for more than three (3) consecutive days, a doctor's certificate or other reasonable proof of illness may be required.~~

The ~~department head~~ **Director of Human Resources** ~~may make such sick leave usage reviews and may require such additional documentation including a physician's statement~~ **may require a doctor's certificate or other reasonable proof of illness** as he**/she** deems necessary ~~before approving the sick leave benefit.~~ **in order for an employee to receive an excused absence from work and sick leave pay. The employee shall be given notice prior to returning to work that he or she will be**

required to provide such documentation. Employees who have unscheduled absences due to illness on a scheduled work day preceding or following a holiday may be required to bring a doctor's certificate or other reasonable proof of illness in order to receive an excused absence and sick leave pay.

(f) Use of Sick Leave While on Vacation. An employee who is injured or who becomes ill while on vacation may be paid for sick leave in lieu of vacation provided that the employee:

(1) Was hospitalized during the period for which sick leave is claimed, or

(2) Received medical treatment or diagnosis and presents a statement indicating disabling illness or injury signed by a physician covering the period for which sick leave is claimed.

(g) Payment for Unused Sick Leave for Unit Employees ~~Hired on or before June 30, 2011. Upon separation of employment by reason of death, service or disability retirement or resignation and after completion of ten (10) years or more of continuous City service, the employee or the employee's estate will be paid fifty percent (50%) of the total unused sick leave balance as of June 30, 2011 at its current value as of June 30, 2011. Any sick leave accrued on or after July 1, 2011 shall have no cash value.~~ **Effective February 17 2012, all sick leave shall have no cash value upon separation of employment and employees shall not be allowed to cash out unused sick leave. Employees shall be eligible for CalPERS service credit for unused sick leave at retirement based on the PERS contract provisions in effect at the time of their hire.**

~~(1) Unit employees hired on or after July 1, 2011 are not be eligible for any cash out of unused sick leave and their sick leave shall not have any cash value,~~

~~(2) Employees hired on or after shall be eligible for CALPERS service credit for unused sick leave at retirement base on the PERS contract provisions in effect at the time of their hire. The parties have agreed to the implementation of a new retirement tier and any employee hired after the implementation of that new tier will not be eligible for unused sick leave service credit.~~

9.3 Other Leaves with Pay

(a) Bereavement Leave. In the event of a death in the immediate family of an employee, the employee shall, upon request be granted up to three (3) days bereavement leave with pay without charge to his accumulated sick leave credits or vacation eligibility. For the purposes of this paragraph, the immediate family shall be restricted to the employee's parents, spouse, mother-in-law, father-in-law, child, stepchild, brother, sister, brother-in-law, sister-in-law, grandparent, grandchild, and domestic partner.

In the event of the death of a person not immediately related to an employee as defined above, the employee's department head may grant up to three (3) days bereavement leave upon request which shall be charged against the employee's accumulated sick leave credits.

(b) Court Appearance. Upon approval by the department head, an employee, other than a provisional or temporary employee, shall be permitted authorized absence from duty for appearance in Court because of jury service, in obedience to subpoena or by direction of proper authority, in accordance with the following provisions:

Said absence from duty including necessary travel time, will be **for actual hours served** ~~with full pay for each day the employee serves~~ on jury duty or testifies as a witness in a criminal case, other than as a defendant. As a condition of receiving such pay, the employee must remit to the City, through the employee's department head, within fifteen (15) days after receipt, all fees received except those specifically allowed for mileage and expenses.

~~Jury duty or witness duty appearances shall be considered in terms of "whole days" (8 hours) or "half days" (4 hours) of service~~. If an employee is not due to appear for jury duty or as a witness until an afternoon court session, the employee will be expected to work his usual morning schedule. If an employee is required to appear for a morning court session and is sent home before noon and not required to return in the afternoon, the employee will be expected to work his usual afternoon schedule.

Said absence from duty will be without pay when the employee appears in private litigation to which the City of Stockton is not a party.

Any fees allowed, except for reimbursement of expenses incurred, shall be remitted to the City through the employee's department head.

Notwithstanding the foregoing, attendance in court in connection with an employee's official duties or in behalf of the City of Stockton in connection with a

case in which the City of Stockton is a party, together with travel time necessarily involved, shall not be considered absent from duty within the meaning of the Section.

(c) Military Leave. An employee of the City who is a member of the National Guard or Naval Militia or a member of the Reserve Corps or Force of the Federal Military, Naval or Marine Service and is ordered to duty shall be granted leave with pay while engaged therein, provided the leave does not exceed thirty (30) days in any calendar year.

All regular employees in the service of the City shall be allowed leave of absence without pay for duration of a national emergency who have been inducted into the Army, Navy, Marine Corps, Air Force or any other branch of the Military Service of the United States or the State of California. Said employees shall be reinstated in the position they held when they were inducted into Military Service, except as hereinafter stated, providing they are physically fit as shown by a medical examination by the City Physician or other physician appointed to make a medical examination.

In the case of a probationary employee having served a minimum probationary period of six (6) months at the time of induction, it shall be optional with the department head and the Director of Human Resources to grant regular status to said employee before induction.

All probationary employees inducted into Military Service not having served the minimum probationary period of six (6) months, or having served the minimum probationary period of six (6) months, but not having received regular status shall be allowed leave of absence without pay for the duration of a national emergency, but said employees shall be placed at the head of the eligible list for such position in the order of their seniority of employment and when appointed to a vacant position, they must be physically fit as above specified and shall serve the balance of their probationary period before attaining the status of a regular employee.

Two (2) or more regular employees granted military leave of absence without pay from the same position shall be reemployed according to their seniority of employment providing they are physically fit as above specified.

9.4 Workers' Compensation Leave

(a) Benefits. Workers' Compensation benefits shall be provided in accordance with State law, whenever an employee is absent from duty because

of disability caused by illness or injury which has been declared to be compensable under the Workers' Compensation Law.

(b) Forms and Procedures. Workers' compensation processing shall be consistent with City procedures and in accordance with state workers' compensation regulations. **An employee who sustains a work-related injury or illness shall immediately inform his/her supervisor no matter how minor an on-the-job injury may appear. An employee who sustains a work-related injury or illness is required to seek medical care at facilities designated by the City unless they have filed a pre-designation of personal physician prior to sustaining the work-related injury or illness. For a list of City designated medical care facilities and/or physicians, please contact Human Resources**.

9.5 Leave of Absence

(a) Employees shall not be entitled to leave of absence as a matter of right, but only in accordance with the provisions of law and the City of Stockton Municipal Code. Unless otherwise provided, the granting of a leave of absence also grants to the employee the right to return to a position in the same classification or equivalent classification, as the employee held at the time the leave was granted. The granting of any leave of absence shall be based on the presumption that the employee intends to return to work upon the expiration of the leave.

(b) Approval. All leaves of absence without pay must be pre-approved by the department head and filed with the Human Resources Department. No such leave may extend beyond twelve (12) months, except in the case of absence due to job incurred disability where a determination may be made based upon the needs of public service, or in the event an application for service connected disability retirement has been filed.

(c) Leaves of absence without pay for illness may only be approved following the expiration of sick leave and vacation, where applicable.

(d) City payment of premium shall end on the last day of the month in which the employee was paid except that employees on an authorized leave of absence may continue enrollment in the City health and dental insurance plan by prepayment of the monthly premium during the authorized leave of absence.

(e) Authorized absence without pay which exceeds thirty (30) consecutive calendar days, except military leave, shall not be included in determining salary adjustment rights, based on length of employment. Periods of time during which

an employee is required to be absent from his/her position by reason of an injury or disease for which he/she is entitled to and currently receiving Workers' Compensation benefits shall be included in computing length of service for the purpose of determining that employee's salary adjustment.

9.6 Absence Without Official Leave (AWOL)

(a) Failure to Report to Duty or Failure to Return after Leave. Failure to report for duty or failure to report for duty after a leave of absence request has been disapproved, revoked, or canceled, or at the expiration of a leave, shall be considered an absence without official leave and shall be subject to discipline.

(b) Voluntary Resignation. Any employee absent without official leave for two (2) or more consecutive days without a satisfactory explanation shall be deemed to have voluntarily resigned from the City of Stockton. An employee must provide a written statement to the Human Resources Department regarding a "satisfactory explanation", within ten (10) calendar days after the City mails a notice of voluntary resignation to the employee's last known address.

9.7 Parental/Adoption/Pregnancy Leave

Family medical leaves shall be in accordance with the Family Medical Leave Act ("FMLA") of 1993, the California Family Rights Act ("CFRA"), or Pregnancy Disability Leave ("PDL"), and/or other applicable state and federal laws.

Section 10. Days and Hours of Work

10.1 Workweek

The workweek shall be from Sunday at midnight through the following Saturday at midnight .

10.2 Meal Periods and Rest Periods

(a) Employees shall receive a one (1) hour or one-half (1/2) hour meal period, without pay, each day and a fifteen (15) minute paid rest period during the first half of the work day and a second fifteen (15) minute paid rest period during the second half of the work day.

(b) Where operational requirements of a department require deviations from this schedule, meal periods of other durations and alternate rest periods may be instituted with the approval of the Department Head or Designee.

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Section 11. Overtime

11.1 Overtime Authorization

All compensable overtime must be authorized by the department head or his/her designated representative in advance of being worked. If prior authorization is not feasible because of emergency conditions, a confirming authorization must be made on the next regular working day following the date on which the overtime was worked.

11.2 Definition

The following provisions pertaining to authorized **statutorily required** overtime work shall apply to ~~those~~ **non FLSA exempt** employees whose normal work period is eight (8) hours per day and forty (40) hours per week**, or (10) hours per day and forty (40) hours per week:**

(a) **Statutory overtime shall be paid on actual time worked in excess of forty (40) hours in any workweek. Such overtime shall be paid for at time and one-half (1-1/2) including employees employed on a per hour or per day basis or except as provided elsewhere herein.** ~~Time worked in excess of forty (40) hours in any workweek shall be paid for at time and one-half (1-1/2) including employees employed on a per hour basis or except as provided elsewhere herein. Time worked shall include time paid for pre-approved leaves.~~ **Furlough hours shall be considered as actual time. Sick leave, vacation, holiday, or other time taken as compensated time off shall not be considered as actual time worked.**

(b) On a holiday observed by the City an employee shall be paid for a regular day plus time and one-half (1-1/2) for actual time worked not to exceed eight (8) hours including employees employed on a per hour or per day basis, or except as provided elsewhere herein.

~~(c) Any time worked in excess of eight (8) hours on a holiday observed by the City shall be paid for at double time and one-half (2-1/2) except for employees employed on a per hour or per day basis, except as provided elsewhere herein.~~

(c) ~~(d)~~ The City may require mandatory overtime when operational needs of the City dictate the need to work such overtime. Work in excess of forty (40) hours in any workweek will be paid at time and one-half pay or CTO in accordance with Section 11.4 (b).

11.3 Standby Duty

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When warranted and in the interest of the City operation, department heads or designee may assign employees to "standby" status.

(a) Application of "standby" shall be as follows:

(1) Each employee so assigned to "standby" shall be provided with a communication device while on standby and shall be able to report to the work site with best efforts within 30 minute**s**; in no event longer than forty-five (45) minutes.

(2) Employees on standby shall have the option to trade **hours** ~~days and/or weeks~~ of standby status with another qualified employee in the same unit or division with departmental approval.

(3) Standby shall be assigned in a minimum of eight (8) hours blocks, i.e., Monday - Friday work week standby can be 8, 16, 24 hour blocks. The block of standby will be to one (1) person per 24 hour period.

(4) Standby for weekends i.e., Saturday, Sunday or extended holiday weekends (Friday – Sunday, or Saturday - Monday) will be assigned 8 - 48 hour blocks to one (1) person per weekend (up to 72 hours for holiday weekend).

(b) Compensation of "standby" shall be as follows:

(1) Employees assigned to standby duty shall be paid **$3.00 per hour** ~~two (2) hours for every eight (8) hours of standby~~, **while assigned to be on standby.** ~~and time and one-half (1- 1/2) for all actual time worked while on standby duty status~~ **An employee shall earn** ~~and~~ time and one-half (1-1/2) for all actual time worked while on standby duty status **only if eligible for overtime as defined in Section 11.2 above. An employee shall not continue to receive the "standby" premium during actual time worked, or for any hours paid as overtime or call back. Standby is not considered as time in "paid status because of work performed" for purposes of calculating overtime.**

~~(2) Employees assigned to standby duty status on holidays observed by the City shall be paid two (2) hours for every eight (8) hours of standby, time and one-half (1-1/2) for all actual time~~

~~worked while on standby duty status, and double time and one-half (2 1/2) for all actual time worked in excess of eight (8) hours while on standby duty status.~~

11.4 Call Back

Employees called back to work from off duty status, the employee shall be compensated for a minimum of two (2) hours and forty-five (45) minutes pay at time and one-half (1-1/2) or actual time worked at time and one-half (1-1/2) **if eligible for overtime as defined in Section 11.2, above**, whichever is greater.

To be eligible for call-back pay, both of the following conditions must be met:

(a) The call-back must occur outside of the employee's regular work hours; including overtime.

(b) The call-back time worked must not be contiguous to the employee's regular work hours; including overtime.

(c) An employee is ineligible to receive a premium for both standby and call back. For example, employees shall not receive standby pay for hours in which they are paid overtime or call back pay.

11.5 Compensatory Time

(a) Definition. Time off with pay in lieu of overtime pay.

(b) Accrual. For hours in excess of forty (40) hours in a seven (7) day work period, Compensatory Time shall be earned at the rate of time and one-half (1-1/2).

(c) Use. Use of Compensatory Time shall be scheduled with the due consideration for the wishes of the employee and so as to not interfere with the normal operation of City business. Approval of request for use of Compensatory Time shall be at the sole discretion of the department head, but once approved, cannot be changed unless an emergency situation arises.

(d) Payment. Once one hundred (100) hours of Compensatory Time is accrued on the books, all other hours worked in excess of forty (40) hours in a seven (7) day work period will automatically be paid. At the end of each calendar year, all Compensatory Time will be carried forward (forty (40) hours maximum),

unless the employee elects to have the compensatory balance paid. Carryover Compensatory Time cannot exceed the forty (40) hours maximum.

Any Compensatory Time balance in excess of forty (40) hours remaining at the end of the calendar year will automatically be paid.

11.6 Meal Allowance

The City shall provide a meal allowance of FIFTEEN DOLLARS AND NO CENTS ($15.00) for an employee who is held over and works a minimum of four (4) hours. Employees called back to work or called back from a day off with less than two (2) hours notice shall qualify for the FIFTEEN DOLLARS AND NO CENTS ($15.00) meal allowance when they work a minimum of four (4) hours. Extension of the work schedule or call-back must be properly authorized by the employee's supervisor or other designated personnel.

Section 12. Holidays

12.1 Qualifying for Holiday Pay

All regular employees, excluding provisional and temporary employees, shall be entitled to take all authorized holidays at full pay not to exceed eight (8) hours for any one (1) holiday.

12.2 Holidays Observed by the City

(1) January 1 .....New Years' Day
(2) Third Monday in January (FLOATING) .....Martin Luther King Jr.'s Birthday
(3) Second Monday in February (FLOATING)..... Lincoln's Birthday
(4) Third Monday in February (FLOATING)..... Washington's Birthday
(5) March 31 (FLOATING).....Cesar Chavez Birthday
(6) Last Monday in May ..... Memorial Day
(7) July 4..... Independence Day
(8) First Monday in September .....Labor Day
(9) Second Monday in October (FLOATING).....Columbus Day
(10) November 11..... Veteran's Day
(11) Fourth Thursday in November..... Thanksgiving
(12) The day following the day known as Thanksgiving
(13) December 25.....Christmas Day
~~(14) Employee's Birthday (FLOATING)~~

~~FLOATING holidays must be scheduled and used within the calendar year.~~

~~In addition, a day appointed by the President or Governor as a public holiday shall be observed by the City.~~

If any of said holidays fall on a Sunday, the following Monday shall be observed as a holiday. If any of said holidays fall on a Saturday, the preceding Friday shall be observed as a holiday.

In order to receive Holiday Pay, the employee must work or be on a pre-approved paid status the day before and the day after the holiday, unless it is the employee's regularly scheduled day or hours off.

12.3 Compensation for Holidays Worked

Prior approval for holiday work must be secured from the department head except in emergency situations where said approval cannot be obtained beforehand.

12.4 Holiday Cash Out Upon Separation

When an employee is separated from the service between February 17, 2012 and July 1, 2014, the employee's remaining holiday allowance, if any, shall be paid as follows:

(a) Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated holiday hours.

(b) On the one year anniversary of employee's separation, he/shall shall receive the second payment of one third (1/3) or $10,000, whichever is greater of the balance of his/her unused accumulated holiday hours.

(c) On the second year anniversary of employee's separation he/she shall receive payment for the balance of the unpaid accumulated holiday hours.

(d) Employees who are involuntarily separated shall have their remaining holiday allowance, if any, added to his/her final compensation.

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Section 13. Compensation and Allowance Other Than Base Salary

13.1 Public Employee Retirement System Benefits for Unit Employees Hired on or before June 30, 2011

(a) ~~The City will pay~~ Employees in this unit shall pay the entire seven percent (7%) of the employee's current base salary (employee's contribution) and other compensation as qualified by State law towards the Public Employees' Retirement System (P.E.R.S.). Such amounts will be applied to the employee's individual account in accordance with California Government Code section 20615.

(b) The City's P.E.R.S. retirement plan is two percent (2%) at age 55.

(c) The City's P.E.R.S. retirement plan is modified to reflect California Government Code section 20930.3 (Military Service Credit as Public Service) and section 20930.33 (Military Service Credit for Retired Persons) effective upon adoption by Stockton City Council and Board Administration of the P.E.R.S.

(d) The City will provide P.E.R.S. California Government Code Section 20692 (Employer Paid Member Contributions Converted to Payrate during the Final Compensation Period) as added P.E.R.S. benefit. At the beginning of employee's last year of employment, the employee will pay their employees' seven percent (7%) benefit cost, as identified in 13.1 (a), if any, through an automatic payroll deduction. The City will increase the base salary for those employees by the same additional contribution above the seven percent (7%), if any, for the last twelve (12) months of employment. Internal Revenue Service (IRS) Code 414H(2) will be concurrently implemented with P.E.R.S. California Government Code section 20692, to be effective upon adoption by the Stockton City Council and P.E.R.S. Administration Board.

The City will provide P.E.R.S. California Government Code section 20965 (Credit for Unused Sick Leave) as added P.E.R.S. benefits, to be effective upon adoption by the Stockton City Council and P.E.R.S. Administration Board.

The City will provide P.E.R.S. California Government Code section 21574 (Fourth Level of 1959 Survivor Benefits) as added P.E.R.S. benefits, to be effective upon adoption by the Stockton City Council and P.E.R.S. Administration Board.

The City will provide PERS California Government Code section 21335 up to a five percent (5.0%) Annual Cost-of-Living Allowance, as added PERS benefit.

(e) Effective August 1, 2011, employees hired on or before June 30, 2011 shall pay seven (7%) of the employee's current base salary (employee contribution) and other compensation as qualified by state law towards the Public Employees' Retirement System (P.E.R.S.) employer's share of cost for P.E.R.S. pension on a post-tax basis in the form of a payroll deduction. The City will seek an IRS private letter ruling to determine whether or not the IRS permits the employee's contribution to the employer's share of pension cost to be treated on a pre-tax basis. If the IRS issues a private letter ruling allowing employee's contribution towards employer pension cost on a pre-tax basis, the City will change the deduction from post-tax to pre-tax as soon as administratively possible after the IRS final determination.

13.2 Public Employee Retirement System Benefits for Unit Employees Hired on or After July 1, 2011

(a) The City will contract with P.E.R.S. to provide a new second tier retirement program of 2% at 60 with three year average salary formula and no other additional P.E.R.S benefits for all unit employees hired on or after July 1, 2011 or as soon as administratively possible consistent with CalPERS contract process. Effective July 1, 2011 all unit employees hired on or after July 1, 2011 shall pay the entire seven percent (7%) of the employee's current base salary and any other compensation as qualified by state law towards Cal PERS retirement benefit through a payroll deduction.

13.3 Uniforms

(a) The City shall provide uniforms for all employees assigned to this unit who ~~request uniform provisions~~ **are required to** ~~and must~~ wear **uniforms during the course of work** ~~City provided uniforms~~.

(b) Safety Protective Footwear Reimbursement Allowance. Employees required to wear safety protective footwear in accordance with City Manager's Administrative Directive PER-034, and approved for safety protective footwear reimbursement, the City will authorize safety protective footwear reimbursement in the amount of TWO HUNDRED DOLLARS ($200.00)

13.4 Preventive Shots

Those employees in the Municipal Utilities Department whose work assignments involve potential exposure to hazardous waste water shall, at the employee's option, be provided all necessary medical immunization available for the prevention of job incurred illness.

13.5 Effective August 1, 2011 Educational Incentive Pay shall be eliminated.

13.6 Special Driver's License Pay

Job classifications requiring a Class A and/or Class B Driver's License or Hazmat endorsement will receive special pay equal to one and one-half percent (1-1/2%) of top step of job classification.

Special Driver's License Pay will only be implemented with the concurrent implementation of the Operating Engineers' Local No. 3 - City of Stockton, Drug/Alcohol Safety Program.

13.7 Longevity Pay

Effective June 20, 2011, longevity pay shall be eliminated. However, the City shall grandfather only those employees who completes twelve (12) continuous years of service with the City as of June 30, 2011, two and one-half percent (2.5%) of top salary step of the employee's pay range to the employee as a longevity incentive pay allowance. **As of July 1, 2012, longevity incentive pay allowance for these grandfathered employees shall be reduced to one and one-quarter percent (1.25%). As of June 30, 2013, longevity incentive pay allowance for these grandfathered employees shall be eliminated altogether.**

13.8 Credit Union

The City will accommodate payroll deduction to Operating Engineers' Local No. 3 Credit Union, within the limitations of City payroll system. Any modification costs will be borne by Operating Engineers' Local No. 3.

13.9 Education, Training and Development

The City will provide internal and external training programs on a wide variety of subjects. Employee participation will be based on subject matter relevance to job requirements, budgetary constraints and workload demands. Tuition or registration and other related costs will be paid by the City at one-hundred percent (100%) in accordance with City directives HR-21 and Finance-08.

13.10 Certification, Certification Training and Special Certifications

(a) Certification dues or fees required of employees in their specialized fields of work will be reimbursed by the City at the actual costs. Pre-approved

training(s) to maintain a job related certification will be paid at one-hundred percent (100%) by the City. The City will pay for two attempts at passing the test.

(b) The City will offer a one time add pay off the salary line for employees who receive State certification for water, wastewater, distribution, or California Water Environment Association ("CWEA"). All employees are eligible to obtain certification in Water and Wastewater.

Water, Wastewater	Water Distribution	CWEA	One Time Add Pay
Grade 5	Grade 5	Grade 4	$1,000.00
Grade 4	Grade 4	Grade 3	$500.00
		Grade 2	$125.00
		Grade 1	$100.00

A maximum of two certification levels will be paid by the City in a calendar year to any one employee. Certifications (at State specific levels) will be required for some positions. Loss of certifications shall result in the employee being demoted to the level according to their certification level. The employee will be moved back to his or her former level if he or she obtained the necessary certification within 12 months. Any employee who loses or is denied a certification shall notify his or her supervisor within seven (7) calendar days, and shall submit a copy of any notice received from the state or any other agency.

(c) Waste Water Operator Certification. An employee who receives and maintains a Level IV or V Waste Water Operator Certification will receive the following quarterly amounts added to his or her monthly paychecks for Level IV and V certifications.

Level IV	$1,000.00
Level V	$2,000.00

13.11 Mileage Reimbursement for Private Vehicle Use

Employees who use their own vehicle on City business on a consistent and repetitive basis will be compensated at the current Internal Revenue Service (IRS) rate and in accordance with the City Manager's Administrative Directive, MAN-016, Section III. B.

13.12 Use of City Vehicles

Supervisors who perform emergency response and/or standby call-out duty shall have the option of taking home their assigned City vehicle on a daily basis.

Section 14. Insurance Plans and Retirement Benefits

14.1 Health and Welfare Benefits and Trust Fund Plan

(a) Choice of Health Plans. Employees in this bargaining unit shall have a choice of enrolling themselves and their eligible dependents in any of the City sponsored medical, dental and visions plans or Operating Engineer Health and Welfare Trust Fund Plan (PPO Plans A, B, C, and D, and Kaiser HMO Plans A and B). The City shall offer two or more medical plans to regular employees.

(b) Eligibility. Employees shall become eligible for Medical insurance on the first day of the month subsequent to completion of thirty (30) days of continuous service with the City. Employees shall become eligible for Dental insurance on the first day of the month subsequent to completion of sixty (60) days continuous service with the City. **An eligible employee and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/registered domestic partner or another eligible City employee, but not both. If an employee is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee plan (i.e., an employee and his or her dependent cannot be covered by more than one City-offered health plan).**

(c) City Contribution towards the cost of insurance programs. Effective September 1, 2011:

The City shall contribute up to $481.00 per month toward the cost of the monthly premium for employee-only medical/dental/vision plan coverage.

The City shall contribute up to $875.00 per month toward the cost of the monthly premium for employee plus one dependent medical/dental/vision plan coverage.

The City shall contribute up to $1,165.00 per month toward the cost of the monthly premium for employee plus two or more dependents medical/dental/vision plan coverage.

These contributions are based on full-time employment; regular part-time employees shall receive a prorated contribution based on their percentage of full-time employment. Insurance plan premiums that exceed the City's monthly contribution shall be paid by the employee through payroll deductions. The City shall maintain its IRS 125 Plan to allow for employee contributions for medical/visions/dental to be pre-tax premium conversion.

(d) Plan Rules. Employees may insure themselves and their eligible dependents under the medical, vision and dental plans provided by the City, in accordance with the rules and regulations applicable to the selected Plan. Benefits in the Plan shall be in accordance with the Plan document.

(e) Provisional and temporary employees are not eligible for any of the above benefits.

(f) Employees that promote, demote, or transfer from a classification in the Operations and Maintenance unit to an unrepresented classification shall continue to have the option to retain the Operating Engineers' Local No. 3 Health and Welfare Plan.

(g) Employees agree to the implementation of the modifications to the City's Modified Plan, which is referred to in this MOU as "Modified Employee Medical Plan." Modifications to the City's Modified Plan shall be effective September 1, 2011.

14.2 Long Term Disability Insurance

The City shall provide, at no cost to the employee, long term disability insurance coverage. **Plan benefits shall be as described in the Plan document, but shall include:** ~~which provides the following:~~

(a) Each disability - sixty-six and two thirds percent (66 2/3%) of salary **up to the maximum salary replacement amount as specified in the City's long term disability plan.**

(b) **Disability income payments shall commence after a ninety (90) day waiting period.** ~~A 30-day waiting period before eligibility for benefit.~~ **Employees may use sick leave and other leave balances to cover this waiting period, or leave without pay.**

(c) Benefit payable until age sixty-five (65).

(d) The City ~~will provide, at no expense to the employee~~, **shall continue its normal contribution for employee medical premiums** ~~medical coverage for a period of~~ **during the** ninety (90) days **waiting period**.

14.3 Life Insurance

Effective July 1, 2012, ~~T~~ **t**he City shall provide, at no cost to the employee, a term life and accidental death and dismemberment insurance policy, **with a value of $50,000.** ~~equal to two (2) times the employee's annual salary~~.

14.4 Retirement Medical Allowance for Employees Hired on or before June 30, 2011

(a) Eligibility. An eligible retiree and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/registered domestic partner or another eligible City employee/retiree, but not both. If an employee/retiree is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee or retiree's plan (i.e., a retiree and his or her dependent cannot be covered by more than one City-offered health plan).

(b) City Contribution for the Period July 1, 2012 Through June 30, 2013. Effective July 1, 2012, the City shall provide to employees retiring from the City the following contribution towards the costs of retiree medical insurance:

(1) Employees retiring with over 10 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $150 a month towards the cost of retiree medical insurance.

(2) Employees retiring with over 20 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $300 a month towards the cost of retiree medical insurance.

(3) Employees retiring with over 30 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $450 a month towards the cost of retiree medical insurance.

(4) **Employees with less than 10 years of service for the City shall not be eligible for a city contribution towards retiree medical and may not be enrolled in the City sponsored plans.**

(5) **Benefits for part time employees who retire are prorated based on their full time equivalent.**

(6) **The City contributions shall end with the death of the retiree and no survivor benefits are provided.**

(7) **Retirees who are enrolled in city-sponsored plans may not enroll their eligible dependents at their own expense.**

The City's obligation for retiree medical benefits is to the retiree and shall end upon the death of the retiree. Surviving spouses shall not be eligible for any city paid benefit after the death of the city retiree. Any benefits previously paid to surviving spouses has been paid in error and without the approval of the City Council.

(c) Elimination of Retiree Medical Program Effective June 30, 2013. Effective June 30, 2013, the City shall no longer provide a contribution towards the cost of retiree medical insurance for current employees (future retirees) and current retirees. Retirees shall be able to participate in the City's Retirement Medical Plans at their own expense.

~~The City will contribute all premiums necessary for the purpose of providing hospital-medical and prescription benefits for each City employee who has retired. Such coverage shall include one (1) dependent and shall be determined by the eligible date noted below and include changes to the modified plan effective September 1, 2011.~~

~~(1) Normal Service Retirement~~

~~Eligibility for the allowance provided by this section is limited to employees who retire from the City of Stockton at age fifty (50) or later, with a minimum of five (5) years of continuous service with the City. At age sixty five (65), the benefit shall be pursuant to section 14.5.~~

~~(2) Disability Retirement~~

~~Eligibility for the allowance provided by this section shall be limited to a maximum of fifteen (15) years or the attainment of age sixty-five (65),~~

~~whichever occurs first. At age sixty five (65), the benefit shall be pursuant to section 14.5.~~

~~14.5 Retirement Medicare Supplemental Plan for Employees Hired on or before June 30, 2011~~

~~Employees who become eligible for the Retirement Medical Allowance, pursuant to section 14.4, will, at age 65, become eligible for Medicare Supplemental Coverage under the City's Modified Employee Medical Plan which include changes to the Modified plan effective September 1, 2011. Coverage will be supplemental and secondary to Medicare (reduced by any amounts payable to Medicare). This lifetime benefit is provided to the employee and the employee's spouse. The employee shall be responsible for paying any associated costs for obtaining Medicare coverage Part A and Part B.~~

~~14.5 No Retirement Medical Allowance or Program for Employees Hired on or after June 30, 2011~~

~~Employees hired on or after July 1, 2011 shall not be afforded any retiree medical allowance, program or contribution by the City.~~

14.5 Alternative Retirement Medical Plans

The parties have negotiated that employees may choose to enroll in one or more additional health plans instead of the City Modified Plan (including but not limited to Kaiser Senior Advantage).

This language sets forth the conditions in which current employees, when they retire from the City and otherwise qualify for a retiree medical benefit from the City as stated in Sections 14.3 and 14.4 of this MOU, may also choose to enroll in City sponsored alternative plans in the same manner as when they were employees, as well as retiree only medical plans. The following conditions shall apply:

(a) If an employee is in a City sponsored alternative plan at the time of retirement, the employee shall be allowed to continue in that Plan. Employees in the union sponsored plans authorized by the City at the time of retirement shall be allowed to continue in that Plan. (Operating Engineers units).

(b) Employees not in an alternative Plan at the time of retirement shall not be allowed to enroll in any alternative plan except that; any retiree may voluntarily enroll in a City sponsored retiree only Plan.

A retiree may only enroll in alternative plans other than the City Modified Plan when:

(a) The retiree selecting plans other than the City's Modified Plan must agree that the City's financial contribution to a premium payment for any other Plan shall not exceed the current contribution amount the City would pay if the retiree is enrolled in the City Modified Plan, and

(b) The individual retirees will be required to sign a form that indicates their agreement with these conditions.

The City reserves the right to eliminate these additional plans and the choice of multiple plans is not a vested right. Like the City Modified Plan, the City reserves the right to make plan design changes as necessary in these Alternative Plans.

14.6 Medicare Supplemental Coverage Requirements only for Employees Hired on or Before June 31, 2011.

The City reserves the right to terminate reimbursement payments for Part A Medicare coverage, in which event the retiree will receive the City's modified medical plan which includes medical design changes effective September 1, 2011 as the primary health coverage, with the premiums for such coverage to be paid by the City. The coverage provided pursuant to this section shall apply to the retiree and his/her spouse

Under the federal Health Care Reform Plan, sponsors may modify the medical benefits provided to retirees only. The City will modify its retiree health care plan to reflect the following:

(a) Return Plan benefits for Acupuncture to 12 visits per year (instead of unlimited) and returns the payment percentage paid to 60% (instead of 80%);

(b) Return Plan benefits for Alcohol and Drug Treatment admissions to 30 days and 3 lifetime admissions (instead of unlimited);

(c) Return Plan benefits for Outpatient Mental Health or Nervous Disorder services to 15 visit maximum (instead of unlimited);

(d) Change Plan benefits for Preventative care and wellness to 80% instead of current 100%;

(e) Return Plan benefits on the lifetime cap on plan benefits to $2.5 million (instead of unlimited);

(f) Return Plan benefits on the maximum age of dependent children to be enrolled in the Plan to age 19 unmarried, and not serving in the armed forces to 23 if attending school full time and qualifies as a dependent for federal income tax purposes.(instead of age 26); and

(g) Change Plan benefits for Emergency room benefits.

Section 15. Salaries

15.1 Salary Rates

There will be no increases to salary ranges during the term of this MOU.

The salary table for all employees in the aforementioned representation unit will be as set forth in Appendix "A," which is attached hereto and made a part hereof.

~~All salary rates hereby established and explained in other parts of section 15 shall no longer be fitted to the Stockton Salary Matrix as set forth in the City of Stockton Salary Schedule. Instead, all salary rates hereby established and explained in other parts of section 15 shall be assigned a fixed percentage of 5.00% between salary steps.~~

The rates of pay set forth in Appendix "A" do not include reimbursement for actual and necessary expenses for traveling, subsistence and general expenses authorized and incurred incident to City employment.

15.2 Salary upon Appointment

Except as herein otherwise provided, the entrance salary for a new employee entering the classified service shall be the minimum salary for the class to which appointed. When circumstances warrant, the Director of Human Resources may approve an entrance salary which is more than the minimum salary for the class to which an employee is appointed. Such a salary may not be more than the maximum salary for the class to which that employee is appointed.

15.3 Salary Equivalents

Any monthly, daily or hourly rate of pay may be converted into an equivalent rate

of pay or to any other time bases when, in the judgment of the City Manager, such a conversion is advisable. In determining equivalent amounts on different time bases the City shall provide tables or regulations for the calculation of payment for service of less than full time, and for use in converting monthly salaries to hourly rates, as well as for calculating hourly rates. Overtime rate and premium pay shall be calculated according to the provisions of the Fair Labor Standards Act.

15.5 Salary Step Plan

There shall be six (6) salary steps in each range.

The first step shall be the minimum rate and shall be the normal hiring rate for the class. (In a case where a person possesses unusual qualifications, the Director of Human Resources may authorize appointment above the first step after receiving the recommendation of the department head. The same provision shall apply to hourly paid and part-time employees.)

If a department head recommends to withhold increases to salary steps two (2) through six (6) because an employee has not achieved the level of performance required, notice must be received by the Human Resources Department at least four (4) weeks in advance of the employee's eligibility date. The affected employee shall be furnished a copy of the department head's recommendation. Failure to abide by the above four-week limitation shall not automatically cause a step increase to be granted; however, if an employee does not receive notice by the actual anniversary date, the increase shall be automatically granted.

The second step shall be paid upon the satisfactory completion of six (6) months service at the first step.

The third step shall be paid upon the satisfactory completion of one (1) year service at the second step.

The fourth step shall be paid upon the satisfactory completion of one (1) year service at the third step.

The fifth step shall be paid upon the satisfactory completion of one (1) year service at the fourth step and upon written recommendation of the department head.

The sixth step shall be paid upon the satisfactory completion of one (1) year service at the fifth step and upon written recommendation of the department head.

Regardless of an employee's length of service, step advancements in any given class may be made upon recommendation of the department head with the approval of the Director of Human Resources, but not above Step No. 6 for a given range.

Salary step increases shall be effective the first day of the pay period following appointment or revision. If the date of appointment or revision is the first day of a pay period, salary step increases shall be as of that date.

Changes in an employee's salary because of promotion, demotion, postponement of salary step increase or special merit increase will set a new salary anniversary date for that employee, which date shall be as stated in the preceding paragraph.

Salary range adjustments for a classification will not set a new salary anniversary date for employees serving in that classification.

15.5 Salary Step after Military Leave

All employees who have been granted military leave shall, upon their return to the City service, be entitled to the automatic salary advancements within the range of their classification for the period they were in the military service.

15.6 Salary Step When Salary Range is Increased

Whenever the monthly schedule of compensation for a class is revised, each incumbent in a position to which the revised schedule applies shall be entitled to the step in the revised range which corresponds to the employee's step held in the previous range, unless otherwise specifically provided for by the Director of Human Resources.

15.7 Salary Step After Promotion or Demotion

(a) When an employee is promoted from a position in one class to a position in a higher class, and at the time of promotion is receiving base salary equal to, or greater than, the minimum rate for the higher class, that employee shall be entitled to the next step in the base salary of the higher class which is a minimum of five percent (5.0%) above the employee's current salary, except that the next step shall not exceed the maximum salary of the higher class.

(b) When an employee is demoted, whether such demotion is voluntary or otherwise, that employee's compensation shall be adjusted to the salary

prescribed for the class to which demoted.

(1) If the salary of the employee is reduced for cause or disciplinary reasons, the employee shall receive the salary at the same step prior to promotion.

(2) If the salary of the employee is reduced through no fault of the employee (i.e., layoff), the salary at demotion shall be at the nearest lower salary to that which was received prior to the demotion.

15.8 Transfer

An employee may be transferred from a class in one department, or to a position of the same class in another department, or to a comparable class, with the approval of both the employee and Department Heads. In the case of a comparable class, the employee must be qualified, as determined by the Director of Human Resources. The Director of Human Resources, in making such a determination, must assure that the maximum salary rate for the classes in question must be equal to or less than the employee's current top step salary, and shall consider, among other things, whether the employee possesses the minimum qualifications for such class, and is able to demonstrate through education, experience, or successful completion of pertinent tests, that he/she is qualified for the transfer. If the transfer involves a change from the jurisdiction of one appointing authority to another, both must consent thereto.

15.10 Salary on Reinstatement

If a former employee is reinstated in the same position previously held or to one carrying a similar salary range, the employee's salary shall not be higher than the salary at the time of separation unless there has been an increase within the salary range.

If a former employee is reinstated to a position in a lower class, the employee's salary shall be set at the same step previously held, but in the pay range of the lower classification.

15.10 "Y" Rate

When an employee's classification is changed to a lower paid classification as the result of a classification study or other action, the employee may be placed on a "Y" rate. A "Y" rate means that the monthly compensation for the employee shall remain in effect until such time as further changes in the pay range of the

new classification exceeds the "Y" rate .

15.11 Acting Pay

Any employee in this unit who is assigned by a supervisor to work in a higher paid classification for two (2) or more hours in one (1) day, shall receive the rate of pay in the step of the higher classification which would have been received if the employee had been promoted into that classification, or at least five percent (5%) more than the employee's salary in the present classification, whichever is greater. Out-of-class assignment pay during overtime status will commence at the first hour worked.

15.12 Special Assignment Pay

The department head with the concurrence of the Director of Human Resources may approve additional compensation in an amount not to exceed one additional salary step when an employee is assigned in writing by the supervisor to perform additional duties and responsibilities for the duration of the special assignment.

15.13 Special Certification Pay

Water Operations Supervisor who possesses a Distribution Operator Certificate issued by the California Department of Health Services shall receive an additional three percent (3.0%) of base pay.

15.14 Salary Adjustments

The City recognizes that there may be a need for special salary adjustments for selected classifications as a result of recruitment problems, reclassifications, and/or organizational changes. The City, in its sole discretion, may make such adjustments, but agrees to discuss with the Supervisory Unit.

15.15 Work Furloughs

(a) ~~96~~ **48** Furlough Hours in Fiscal Year**s** ~~2011-2012~~ **2012-2013 and 2013-2014**. Each bargaining unit employee shall take **forty eight (48)** ~~ninety six (96)~~ furlough hours (leave from work without pay)

(b) Equalized Payroll Deductions. Payroll deductions for the ninety six (96) furlough hours described in section 10.4, paragraph (a), shall be equalized so that each bargaining unit employee shall have a deduction representing a per pay period reduction of **2.31%** ~~4.62%~~. Since this agreement was not reached by July 1, 2011, the **2.31%** ~~4.62%~~ will be increased to include the additional amount

needed to ensure annualized savings of **2.31%** ~~4.62%.~~

(c) Furlough Bank. Employees must use the **48** ~~96~~ hour furlough bank by June 31, 201**3** ~~2~~ or forfeit the furlough bank. The Furlough has no cash value and any furlough hours deducted and banked but not take off by June 30, 201**3** ~~2~~ shall be forfeited by the employee.

(d) Furlough hours will be counted as time worked for purposes of overtime.

(e) If a furlough is scheduled before or after a City holiday, the employee will, nevertheless, be eligible for holiday pay.

(f) Separation from City Service before June 30, 201**3** ~~2~~. Any employee who separates from City service before the final furlough deduction on July 7, 201**3** ~~2~~ for the pay period ending June 30, 201**3** ~~2~~, and after having used furlough hours, shall have his or her final compensation reduced by the sum of the number of furlough hours the employee has actually used minus the number of furlough hours actually deducted from the employee's pay warrants multiplied by the employee's regular hourly rate of pay. **Conversely, any employee who separates from City service before June 30, 2013, having suffered furlough deductions in excess of the actual number of furlough hours the employee has used, shall have his or her final compensation credited by like amount.**

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Section 16. Severability of Provisions

In the event that any provision of this Memorandum of Understanding is declared by a court of competent jurisdiction to be illegal or unenforceable that provision of the Memorandum of Understanding shall be null and void but such nullification shall not affect any other provisions of this Memorandum of Understanding, all of which other provisions shall remain in full force and effect.

In the event that Federal legislation changes the current applicability of the Fair Labor Standards Act, both parties agree to consult and/or confer on the impacts of such legislation to the extent required by law.

Section 17. Past Practices and Existing Memoranda of Understanding

Continuance of working conditions and practices not specifically authorized by ordinance or by resolution of the City Council is not guaranteed by this Memorandum of Understanding.

This Memorandum of Understanding shall supersede all existing Memoranda of Understanding between the City and the Union.

Section 18. Scope of Agreement

Except as otherwise specifically provided herein, this Memorandum of Understanding including Appendices "A" and "B", which are attached to this Agreement and by this reference incorporated herein, and fully and completely incorporates the understanding of the parties hereto and constitutes the sole and entire agreement between the parties on any and all matters subject to meeting and conferring. ~~Neither party shall during the term of this Memorandum of Understanding, demand any change therein nor shall either party be required to negotiate with respect to any matter; provided that nothing herein shall prohibit the parties from changing the terms of this Memorandum of Understanding by mutual agreement.~~

Section 19. Duration of Agreement

This Memorandum of Understanding shall be effective the date of execution, through June 30, 201**3** ~~2~~.

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Section 20. Maintenance of Operations/City Rights

(a) It is recognized that the need for continued and uninterrupted operation of City services is of paramount importance. Therefore, the Union and each employee represented thereby agrees that from the date of execution, through exhaustion of the impasse process/mediation/fact finding as set forth in the Employer/Employee Relations Resolution, the Union or any person acting in its behalf, or each employee in a classification represented by the Union, shall not cause, authorize, engage in, encourage, or sanction a work stoppage, slowdown, refusal of overtime work, refusal to operate designated equipment (provided such equipment is safe and sound), or picketing, other than informational picketing, against the City or the individual or concerted failure to report for duty or abstinence from the full and faithful performance of the duties of employment, including compliance with the request of another labor organization or bargaining unit to engage in such activity in an attempt to induce a change in wages, hours, and other terms and conditions of employment.

(b) An employee shall not be entitled to any wages or City paid benefits whatsoever if the City Council, by majority vote, determines to its satisfaction, that the employee is, or has, engaged in any activity prohibited by subsection (a) of this Section. The City may take other action which it deems appropriate.

(c) If the City Council, by majority vote, determines to its satisfaction, that subsection (a) of this Section has been violated by the Union, the City may take such remedial action as it deems appropriate.

(d) The Union recognizes the duty and obligation of its representatives and members to comply with the provisions of this Memorandum of Understanding and to make every effort toward inducing all employees in this unit to fully and faithfully perform their duties. In the event of any activity prohibited by subsection (a) hereinabove, the Union agrees to take supererogatory steps necessary to assure compliance with this Memorandum of Understanding.

The rights of the City as set forth in Section 5 of Resolution No. 32,538, dated August 4, 1975, are incorporated herein by reference.

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AB 506 Labor Mediation Proposal

IN WITNESS WHEREOF the parties hereto have executed this Memorandum of Understanding on this ____ day of _____ 2012.

OPERATING ENGINEERS LOCAL UNION NO. 3 of the International Union of Operating Engineers, AFL-CIO

By:_____

Its: Business Representative

By:_____

Its: Member

CITY OF STOCKTON, a municipal corporation

By:_____
BOB DEIS
Its: City Manager

By:_____

Its: Director of Human Resources & Employee Relations Officer

APPROVED AS TO FORM:

CITY ATTORNEY

By:_____

Its: Deputy City Attorney

By: _____

Its: Business Manager

By: _____

Its: President

By: _____

Its: Recording Corresponding Secretary

By: _____

Its: Recording Corresponding Secretary

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Appendix "A"
Supervisory Unit – Municipal Utilities Department

Position Number	Title	Grade
70006	Collection Systems Supervisor	70D
70002	Laboratory Supervisor	70C
70010	Occupational Health & Safety Compliance Spec	70E
70007	Plant Maintenance Supervisor	70D
70008	Plant Operations Supervisor	70D
70000	Regulatory Compliance Officer	70A
70003	Senior Plant Maintenance Supervisor	70C
70004	Senior Plant Operations Supervisor	70C
70005	Senior Water/Collection Systems Supervisor	70C
70001	Technical Services Supervisor	70B
70011	Utilities Safety and Training Specialist	70E
70009	Water Operations Supervisor	70D

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APPENDIX B

SUPERVISORY UNIT (MUNICIPAL UTILITIES DEPARTMENT)

SIDE-LETTER OF AGREEMENT

Pursuant to the Special Agreement between Operating Engineers' Local Union No. 3 ("Union") and the City of Stockton ("City") dated June 18, 2003, authorized by Stockton City Council Resolution No. 03-0393, adopted on July 8, 2003, regarding the Transfer of Services, the provisions contained in Appendix B, Side-Letter of Agreement, pertains to only the Employees covered by the Special Agreement.

This Side-Letter of Agreement cannot be amended, changed, or deleted unilaterally by either party. However, nothing contained herein prohibits the parties from mutually agreeing to changes, but neither party can be compelled to negotiate and/or agree to any changes to this Appendix B, Side-Letter of Agreement.

Section 1 – Re-employment and Employment

The City shall provide regular full-time employment at the City's municipal wastewater utility and water utility to all of the employees listed in Agreement electing to accept such employment effective March 1, 2008.

Section 2 – Terms and Conditions of Re-employment and Employment

(a) City's offer of employment and re-employment shall be unconditional, and shall not be subject to other health, competency or other test, fact, or circumstances relating to an individual employee.

(b) All service with OMI/Thames Water will be counted as service with the City.

~~(c) Transfer of Leave Balances – City will accept all sick leave and vacation balances transferred from the OMI/Thames Water to City for the employees in this Agreement.~~

(c) ~~(d)~~ Waste Water Certification – Employees outside of the Waste Water Division who hold Waste Water II or higher certification and are available for short-term assignment to the waste water facility will receive an additional five percent (5%) of the top step, which shall be PERS reportable earnings. Certification must be kept current. Employees who decline short-term assignments to the waste water facility subject to department guidelines will lose this additional pay.

Section 3 - Deferred Compensation

The City shall provide, at no cost to the employee, deferred compensation as a supplement to voluntary deferred compensation plans, if any, for which the individual employee may be eligible. The City shall contribute an amount equal to five and one-half percent (5.5%) of the employee's current base salary.

Peggy Barnett	Occupational Health/Safety Compliance Specialist
Jim Butler	Senior Plant Maintenance Supervisor
Randy Cornell	Collection Systems Supervisor
Larry Huber	Laboratory Supervisor

Section 4 - Longevity Incentive

Employees possessing twenty-five (25) years or more of continuous City service shall be entitled to receive Longevity Incentive payments in the amount referenced below and up to a maximum of $10,000.00.

	March 1, 2009	March 1, 2010
Randy Cornell	$5,000.00	$5,000.00
Larry Huber	$5,000.00	$5,000.00

The amounts shown above shall be paid to the employee on paycheck March 7th of each year, respectively, upon completion of one (1) year of continuous City services commencing March 1, 2008, for a maximum of two (2) years. If the employee terminates City employment prior to or is in an unpaid status for a period less than one (1) month, the amount referenced shall be prorated for the days in a paid status including paid sick and annual leave. The employee shall not be entitled to Longevity Incentive payment for days or hours not earned (unpaid leaves of absences, termination).

The Longevity Incentive shall be reported to the Public Employees' Retirement System as "PERSable" income by the City.

Section 5 - Public Agency Retirement System ("PARS") Supplemental Retirement Plan

The City shall contribute an amount necessary to fund a supplemental retirement benefit for the following employees in Municipal Utilities Department.

Peggy Barnett	Occupational Health/Safety Compliance Specialist
Jim Butler	Senior Plant Maintenance Supervisor
Randy Cornell	Collection Systems Supervisor
Larry Huber	Laboratory Supervisor
Robert Englent	Senior Collection Systems Operator

The supplemental retirement benefit shall be developed and administered by the Public Agency Retirement Services ("PARS") benefit and shall be based on the following criteria:

(a) Only employees listed in this Agreement shall be eligible to participate;

(b) Commencing March 1, 2008, employees must complete at least one (1) year of continuous City of Stockton service to be eligible for the PARS benefit;

(c) The PARS benefit shall be paid only to those employees listed in this Agreement who retire from the City in accordance with rules and criteria established pursuant to PERS and the MOU in effect between the City and the OE3; and

(d) The benefit level paid to each eligible employee shall be based on the following formula:

(1) All actual years of service (prior City of Stockton, OMI and City of Stockton years of service as of March 1, 2008 prospectively) x 0.6%.

Section 6 – Compensation and Benefits

(a) Sick Leave – Sick leave accrual shall be unlimited. Accrued sick leave transitioned from OMI/Thames Water in excess of 240 hours shall be available to employees for the sole purpose of use in the event of illness and/or service credit with PERS.

(b) Retiree Medical - Retiree employees shall receive fully paid retiree medical with the option of either the City Health Plan (hospital, medical and prescription benefits) for the retiree and one (1) dependent, or the OE3 Medical Plan Schedule A (hospital, medical and prescription benefits) for the retiree and one (1) dependent.

(c) The maximum dental allowance per calendar year shall be $2,500 per member at 80/20 co-pay (20% co-pay per member). The lifetime maximum orthodontia (50%) allowance shall be $2,500 per member.

(d) Active employees shall receive fully paid City Health Plan (Medical, Vision, and

~~Dental) or the option of the fully paid OE3 Medical Plan Schedule A (Medical, Vision, and Dental).~~

(c) ~~(e)~~ An employee who receives and maintains a Level IV or V Waste Water Operator Certification will receive the following quarterly amounts added to his or her monthly paychecks for Level V and Level IV certifications, unless certification is required of the position.

Level IV	$1,000.00
Level V	$2,000.00

IN WITNESS WHEREOF, the parties hereto have executed Appendix B, Side-Letter of Agreement and shall become effective _____ day of _____ 2008.

OPERATING ENGINEERS LOCAL UNION NO. 3 of the International Union of Operating Engineers, AFL-CIO

By:_____
JOE SANTELLA
Its: Business Representative

By: _____
RICHARD STIFFLER
Its: Member

CITY OF STOCKTON, a municipal corporation

By:_____
Its: City Manager

By:_____
Its: Director of Human Resources & Employee Relations Officer

By:_____
Its: Assistant Director of Human Resources

By: _____
Its: Deputy Director of Human Resources

APPROVED AS TO FORM:

CITY ATTORNEY
By:_____
Its: Deputy City Attorney

AB 506 Labor Mediation Proposal

By: _____

Its: Business Manager

By: _____

Its: President

By: _____

Its: Recording Corresponding Secretary

By: _____

Its: Director of Public Employee Division

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AB 506 LABOR MEDIATION PROPOSAL

MEMORANDUM OF UNDERSTANDING (POLICE MANAGEMENT UNIT)

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* Table of Contents is subject to change once final agreement has been reached.

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AB 506 LABOR MEDIATION PROPOSAL

MEMORANDUM OF UNDERSTANDING (POLICE MANAGEMENT UNIT)

EXHIBIT "A"

PREAMBLE

The Stockton Police Management Association and representatives of the City of Stockton have met and conferred in good faith regarding wages, hours and other terms and conditions of employment of employees employed in the representation unit identified in Section 1, have exchanged freely information, opinions and proposals and have endeavored to reach agreement on all matters relating to the employment conditions and employer-employee relations of such employees.

This Memorandum of Understanding is entered into pursuant to the Meyers-Milias-Brown Act (Government Code Sections 3500-3511) and has been jointly prepared by the parties.

This Memorandum of Understanding shall be presented to the Stockton City Council as the joint recommendations of the undersigned for salary and employee benefit adjustments for the period commencing July 1, ~~2006~~ **2012** through June 30, ~~2010~~ **2013**. ~~This Memorandum of Understanding is an extension to the April 1, 2001 through December 31, 2006, Memorandum. This agreement shall supercede all other existing agreements on this matters set forth herein.~~

AB 506 LABOR MEDIATION PROPOSAL

MEMORANDUM OF UNDERSTANDING (POLICE MANAGEMENT UNIT)

SECTION 1. RECOGNITION

1.1 City Recognition

The City Manager, or any person or organization duly authorized by the City Manager, is the representative of the City of Stockton, hereinafter referred to as the "City" in employer-employee relations as provided in Resolution No. 32,538, adopted by the City Council on August 4, 1975.

1.2 Association Recognition

The Stockton Police Management Association, hereinafter referred to as the "Association" is the recognized employee organization for the Police Service Management Unit, certified pursuant to Resolution No. 38,738, adopted by the City Council November 23, 1981.

AB 506 LABOR MEDIATION PROPOSAL

MEMORANDUM OF UNDERSTANDING (POLICE MANAGEMENT UNIT)

SECTION 2. ASSOCIATION SECURITY

2.1 Dues Deduction

(a) General. The Association may have the regular dues of its members within the representation unit deducted from employees' paychecks under procedures prescribed by the City for such deductions. The Association has the exclusive privilege of dues deduction for its members.

Payroll deductions shall be for a specified amount and consistent for all employee members of the Association and shall not include fines, fees and/or assessments.

Authorization, cancellation or modification of payroll deduction shall be made upon forms provided or approved by the City. The payroll deduction authorized shall remain in effect until canceled or modified by the employee by written notice to the City or until the first day of the calendar month following the transfer of the employee to a unit represented by another employee organization as the representative of the unit to which the employee is assigned, or until employment with the City is terminated.

Additional authorization shall not be required for deduction of increased membership dues when such increase has been duly approved by the Association. Notification of such approval shall be forwarded to the City in the form of written notice on official Association letterhead and signed by the Association President or other duly authorized Association official. Upon receipt of notification, the City shall authorize the payroll deduction of the increased amount.

Amounts deducted and withheld by the City shall be transmitted to the officer designated in writing by the Association as the person authorized to receive such funds, at the address specified.

In addition to the deduction of dues, the City will deduct from the paychecks of Association members who request it, deductions authorized and sponsored by the Association. ~~premiums for group insurance and investment plans sponsored by the Association~~. Such deductions shall be made from either or both of the semi-monthly paychecks and only upon signed authorization from the employee upon a form satisfactory to the City. Such deductions shall be payable to the

Association who is responsible for distribution to sponsored programs. ~~one lump sum and only upon signed authorization from the employee upon a form satisfactory to the City. Such authorizations may be made or changed no more frequently than twice yearly.~~

[MODIFICATIONS ARE FROM 2010 SIDE LETTER RE: ASSOCIATION SECURITY]

The employee's earnings must be sufficient after all other required deductions are made, to cover the amount of the deductions herein authorized. When an employee is in a non-pay status for an entire pay period, no withholdings will be made to cover that pay period from future earnings nor will the employee deposit the amount with the City which would have been withheld if the employee had been in a pay status during that period. In the case of an employee who is in a non-pay status during a part of the pay period, and the salary is not sufficient to cover the full withholding, no deduction shall be made. In this connection, all other required deductions have priority over the employee organization deduction.

(b) Indemnity and Refund. The Association shall indemnify, defend and hold the City harmless against any claim made and against any suit initiated against the City on account of check off of Association dues or premiums for benefits. In addition, the Association shall refund to the City any amounts paid to it in error upon presentation of supporting evidence.

2.2 Use of City Facilities

The Association shall be allowed by the City department in which it represents employees' use of space on available bulletin boards for communications having to do with official Association business, such as times and places of meetings, provided such use does not interfere with the needs of the department.

Any representative of the Association shall give notice to the department head or his/**her** designated representative when contacting department employees on City facilities during the duty period of the employees, provided that solicitation for membership or other internal Association business shall be conducted during the non-duty hours of all employees concerned. Prearrangement for routine contact may be made with ~~individual department heads~~ **the Police Chief** and when made shall continue until revoked by the ~~department heads~~ **Chief**.

City buildings and other facilities may be made available for use by City employees or the Association or their representatives in accordance with such administrative procedures as may be established by the City Manager or department heads concerned.

Members of the Association are prohibited from using City equipment and/or time for their own personal use.

2.3 Advance Notice

Except in cases of emergency, reasonable advance written notice shall be given to the Association if affected by any ordinance, resolution, rule or regulation directly relating to matters within the scope of representation proposed to be adopted by the City and shall be given the opportunity to negotiate, if requested, with the designated management representatives prior to the adoption.

In cases of emergency when the foregoing procedure is not practical or in the best public interest, the City may adopt or put into practice immediately such measures as are required. At the earliest practicable date thereafter, the Association shall be provided with the notice described above and be given an opportunity, if requested, to negotiate changes to the content of said notice with the management representatives designated by the City Manager.

2.4 Attendance at Meetings by Employees

Release Time Related to Meet and Confer. City employees who are official representatives ~~or unit representatives~~ of the Association shall be given reasonable time off with pay**, in accordance with MMBA,** to attend meetings with City Management representatives~~, or be present at City hearings~~ where matters within the scope of representation or grievances **related to this unit** are being considered.

The use of ~~official~~ **release** time for this purpose shall be reasonable and shall not interfere with the performance of City services as determined by the City. Such employee representatives shall request an excused absence, prior to the scheduled meeting whenever possible. Except by mutual agreement the number of employees excused for ~~such~~ **release time** ~~purposes~~ shall not exceed three (3) per recognized bargaining unit.

SECTION 3. NON-DISCRIMINATION

~~The City and the Association agree that there shall be no discrimination of any kind because of race, creed, color, religion, national origin, sex, disability, political affiliation or legitimate Association activity against any employee or applicant for employment; and to the extent prohibited by applicable State and Federal law there shall be no discrimination because of age.~~

The City and the Association agree that there shall be no discrimination of any kind against any employee or applicant for employment because of age (over 40), race, color, religion, national origin (ancestry), veterans status, physical or mental disability, marital status, sexual orientation, sex (sexual, gender based, pregnancy/childbirth), political affiliation, legitimate Association activity, or any other protected trait as determined by federal, state and/or local law.

The Association shall cooperate with the City in the objectives of Equal Employment Opportunity as defined by Federal and State regulations.

SECTION 4. PROBATION

4.1 Promotional Appointments

Promotional appointments in this Unit except Deputy Chief of Police shall be ~~tentative and~~ subject to a probationary period of twelve (12) months. The probationary period for police promotional positions shall not be extended.

4.2 Probationer Advanced to Higher Rank

Any promotional probationary Police Management employee who is advanced to a higher classification or is appointed to the rank of Chief of Police or Deputy Chief of Police shall receive credit towards his promotional probationary period for the lower rank while serving in the higher probationary or appointive rank.

4.3 Retention/Rejection of Probationer

The Director of Human Resources shall notify the appointing authority at least four (4) weeks prior to the termination of any probationary period. At the end of the probationary period, if the service of the probationary employee has been satisfactory to the appointing authority, then the appointing authority shall file with the Director of Human Resources a statement in writing to such effective and stating that the retention of such employee in the service is desired.

During the probationary period an employee may be rejected at any time by the appointing authority. Any employee rejected during the probationary period following a promotional appointment, shall be reinstated to the position from which he/**she** was promoted unless charges are filed and he/**she** is discharged in the manner provided in the City Charter XXXII, section 9, Civil Service Ordinance and Civil Service Rules.

4.4 Promotional Hiring

Promotional hiring lists shall be in accordance with the rule of ten (10) eligible candidates per list.

SECTION 5. LAYOFF

5.1 Layoff

Any employee may be laid off by an appointing authority in the event of the abolition of the employee's position by the City Council, or if a shortage of work or funds requires a reduction in personnel.

5.2 Layoff Scope

(a) Layoffs shall be within departments of the City.

(b) The departments of the City are defined as follows:

(1) Administrative Services
(2) City Attorney
(3) City Auditor
(4) City Clerk
(5) City Manager
(6) Community Development
(7) Fire
(8) Housing and Redevelopment
(9) Human Resources
(10) Library
(11) Municipal Utilities
(12) Parks and Recreation
(13) Police
(14) Public Works

5.3 Notice of Layoff

The City will give advance written notice of at least one pay period to employees who will be laid off.

5.4 Precedence by Employment Status

No permanent employee shall be laid off while employees working in an extra help, seasonal, temporary, provisional or probationary status are retained in the same classification as such permanent employee. The order of layoff among

employees not having permanent status shall be according to the following categories:

(a) extra help
(b) provisional
(c) temporary
(d) probationary

Layoffs shall be by job classification according to continuous service in class, plus all higher classes, except as specified above. For the purpose of this procedure, part-time classes shall be considered as separate from regular full-time classes.

The following provisions shall apply in computing total continuous service:

(a) Time spent on military leave shall count as service in the event the leave was taken subsequent to entry in the department.

(b) Time worked in an extra help, seasonal, provisional, temporary, grant or other limited term status shall not count as service.

(c) Time worked in a permanent or probationary status shall count as service.

If two (2) or more employees have the same seniority, ~~then~~ the order of seniority shall be determined **by the employees' examination results and ranking on the respective eligibility list upon which the employees' were subsequently hired**. ~~by lot~~.

5.5 Employee Options

Employees laid off shall have any of the following choices:

(a) Displacing the employee in the same department and in the same or clearly comparable classification as determined by the Director of Human Resources as having the least seniority in that classification. This option shall be exercised before any other option.

(b) Taking a voluntary demotion within the department to a classification in which the employee had prior permanent status, thus displacing the employee who has the least seniority in that classification. Employees who exercise this option shall

be placed on a permanent eligibility list for reinstatement to the higher classification. Ranking on the reinstatement list shall be by the employee's seniority in the higher classification. All employees on the list, who are still employed by the City of Stockton, shall be reinstated to the higher classification before any new promotions can be made to that classification.

(1) If the employee is in a probationary status in the higher classification, the probationary status shall resume upon reinstatement with full credit for previous time served in that classification.

5.6 Health and Welfare Benefits During Layoff

Permanent employees who are laid off will have an option of maintaining their existing health and welfare benefits for thirty-six (36) months (the thirty-six (36) months runs concurrently with any COBRA benefits) from the date of layoff, provided timely payments of the premiums by the employee are made to the City, according to City regulations, and provided the employee otherwise meets the requirements of Federal and State regulations.

SECTION 6. REEMPLOYMENT

6.1 Reemployment

When an employee with classified service whose performance evaluation conducted by the employing department reflects that the employee is performing duties satisfactorily and whose position is abolished, is laid off due to lack of funds or on authorized leave of absence and is ready to report for duty when a position is open, the Civil Service Commission shall cause the name of the employee in the appropriate class to be placed on the reemployment list as follows:

(a) Except as otherwise provided in subsection (b) below, the Civil Service Commission shall cause the name of each employee laid off in accordance with these rules to be place on the reemployment list for the appropriate class for reemployment within two (2) years thereafter when vacancies occur.

(b) An employee who receives a notice of layoff and exercises the option to demote to a previously held lower classification shall be placed on the reemployment list for the position from which the employee demoted, as provided for in subsection (a), above, and remain on the list either until the employee is appointed to the position or the employee declines appointment to the position. The reemployment rights granted by this subsection are applicable only to employees who demote to a previously held lower classification after receiving a notice of layoff.

The reemployment list for any class shall be established by a Civil Service resolution as needed.

In filling vacancies, eligibles on the reemployment lists take precedence over eligibles on any other list for the same rank in the department for which the lists apply.

An employee who waives reemployment shall have his/her name removed from the reemployment list, unless mutually agreed to by the Department and employee.

6.2 Reinstatement on a Reemployment List

A permanent employee who has resigned in good standing may, with the recommendation of the Police Chief, the City Manager, and the approval of the Civil Service Commission, be restored to a reemployment list of the same classification as held upon resignation within a period of one (1) year from the effective date of his/her resignation.

SECTION 7. DISCIPLINE

Disciplinary action, including discharge, suspension, reduction in pay, demotion, or other employment penalty may be taken against any employee for cause.

The appointing authority may discharge, suspend, or demote any employee in the classified service provided the City Charter provisions and the Rules and Regulations of the Civil Service Commission and any applicable provisions of law are followed. Such provisions allow the employee suspended, demoted or discharged to appeal such action. The employee may take any one (1) of the following actions:

(a) File no appeal.

(b) File an appeal with the Civil Service Commission within ten (10) working days of written notification of the action. (Such filing will foreclose use of the grievance procedure).

(c) File a grievance as provided for in Section 8.5 within ten (10) working days of written notification of the action.

If the employee fails to do (b) or (c) above within the prescribed time frames, these rights will have been waived.

SECTION 8. GRIEVANCE PROCEDURES

8.1 Definition

A grievance is any dispute which involves the interpretation or application of those rules, regulations and resolutions which have been, or may hereafter be, adopted by the City Council to govern personnel practices and working conditions, including such rules, regulations and resolutions as may be adopted by either the City Council or the Civil Service Commission to affect Memoranda of Understanding which result from the meeting and conferring process.

8.2 Filing Deadline

No grievance involving demotion, suspension, discharge or other employment penalty will be entertained unless it is filed in writing with the Director of Human Resources within ten (10) working days of the time at which the affected employee received written notification of such action. All other grievances must be filed within thirty (30) calendar days from the time the employee knew or had reason to know of the facts giving rise to the grievance.

8.3 Grievance Processing

(a) Step 1 - Departmental Review. Any employee claiming to have a grievance may discuss the complaint with such management official in the department where employed as the department head may designate. If the issue is not resolved within the department within ten (10) working days from the day of presentation or if the employee elects to submit the grievance directly to the Association recognized as the representative of that employee's classification, the procedures hereinafter specified may be invoked.

(b) Step 2 - Director of Human Resources Review. If the employee is not satisfied with the response at level one, then the employee may appeal the grievance to the Director of Human Resources within ten (10) working days of the receipt of written response at level one. Such appeal must state with particularity; 1) the specific policy, rule or provision which is alleged to have been violated; 2) the statement of facts comprising the violation; and 3) the requested remedy. The Association may file and process grievance(s) on behalf of the specifically named employee.

The Director of Human Resources shall have twenty (20) working days in which to investigate the issues and respond to the appeal. No grievance, except for the resolution of compensation complaints, may be processed under the following two (2) paragraphs which has not first been filed and investigated in accordance with this paragraph unless the Director of Human Resources fails to respond within the time limit.

(c) Step 3 - City Manager Review. Within ten (10) calendar days of the receipt of the level two (2) response, the grievance may be appealed to the City Manager or his designee. Such referral shall be in writing, detailing the specific issues involved in the referral together with a statement of the resolution desired. The City Manager shall designate a personal representative who shall not be the Director of Human Resources to investigate the merits of the complaint, to meet with the complainant and, if the complainant is not the Association, to meet also with the officials of the Association, and to settle the grievance or to make recommendations to the City Manager. A written response to the appeal will be provided within thirty (30) calendar days of the date of appeal.

(d) Step 4 - Arbitration. If the grievant or the Association is dissatisfied with the response at Step 3, or if the City Manager fails to respond within the time limit, the matter may, within ten (10) working days, be referred to an arbitrator mutually selected by the parties, or if the parties are unable to mutually agree, from a list of seven (7) arbitrators provided by the State Conciliation Service. The arbitrator shall be chosen by the alternative strike method, with first choice being determined by lot. The fees and expenses of the arbitrator and of a court reporter shall be shared equally by the Association and the City. Each party, however, shall bear the cost of its own presentation, including preparation and post hearing briefs, if any.

(e) Effect of Decision. Decisions of arbitrators on matters properly before them shall be final and binding on the parties hereto except as provided otherwise herein.

8.4 Scope of Arbitration

No arbitrator shall entertain, hear, decide or make recommendations on any dispute unless such dispute involves a position in a unit represented by the Association and unless such dispute falls within the definition of a grievance as set forth in section 8.1.

Proposals to add to or change this Memorandum of Understanding or written agreements or addenda supplementary hereto shall not be arbitrable and no

proposal to modify, amend or terminate this Memorandum of Understanding, nor any matter or subject arising out of or in connection with such proposal, may be referred to arbitration under this Section. No arbitrator selected pursuant to this section shall have the power to amend or modify this Memorandum of Understanding or written agreements or addenda supplementary hereto or to establish any new terms or conditions of employment.

No change in this Memorandum of Understanding or interpretations thereof (except interpretations resulting from arbitration proceedings hereunder) will be recognized unless agreed to by the City Manager and the Association.

8.5 Other Provisions

If the Director of Human Resources in pursuance of the procedures outlined above, or the City Manager in pursuance of the provisions outlined above resolve a grievance which involves suspension or discharge, they may agree to payment for lost time or to reinstatement with or without payment for lost time, but in the event the dispute is referred to arbitration and the arbitrator finds that the City had cause to take the action complained of, the arbitrator may not substitute his judgement for the judgement of Management and if he finds that the City had such right, he may not order reinstatement and may not assess any penalty upon the City.

All complaints involving or concerning the payment of compensation shall be initially filed in writing with the City Manager. Only complaints, which allege the employee is not being compensated in accordance with the provisions of this Memorandum of Understanding, shall be considered as grievances. Any other matters of compensation are to be resolved in the meeting and conferring process and if not detailed in the Memorandum of Understanding which results from such meeting and conferring process shall be deemed withdrawn until the meeting and conferring process is next open for such decision. No adjustment shall be retroactive for more than thirty (30) days from the date upon which the complaint was filed.

The provisions of this Section shall not abridge any right to which an employee may be administered in a manner that would abrogate any power which, under the City Charter, may be within the sole province and discretion of the Civil Service Commission.

All grievances of employees in the representation unit represented by the Association shall be processed under this Section. If the City Charter requires that

differing options be available to the employee, no action under paragraph (d) of subsection 8.3 above shall be taken unless it is determined that the employee is not availing himself/**herself** of such option.

No action under paragraph (d) of subsection 8.3 above shall be taken if action on the complaint or grievance has been taken by the Civil Service Commission, or if the complaint or grievance is pending before the Civil Service Commission.

If any award by an arbitrator requires action by the City Council or the Civil Service Commission before it can be placed in effect, the City Manager and the Director of Personnel Services will recommend to the City Council or the Civil Service Commission, as appropriate, that it follow such award.

SECTION 9. LEAVES

9.1 Vacation

(a) Vacation Allowance. ~~Each employee in this unit will receive twenty (20) days per fiscal year and an additional five (5) days for City service after fifteen (15) years up to twenty-five (25) years and one (1) additional day per fiscal year for each year of service beyond twenty-five (25) years of service.~~

Effective July 1, 2012, all employees in this unit shall accrue vacation leave with pay in accordance with the following schedule (employees shall accrue vacation on a twice monthly basis):

Less than 1-1/2 years continuous employment ..... 120 hours/year
After 1-1/2 years up to 7 1/2 years..... 148 hours/year
After 7-1/2 years up to 15 years..... 188 hours/year
After 15 years up to 25 years..... 229 hours/year

Seven (7) additional hours hence for each completed year of service in excess of twenty-five (25) years.

(b) Vacation Carryover Allowance. ~~Employees shall be granted a maximum carryover of one (1) previous fiscal year's vacation allowance and one-hundred and twenty (120) hours as of June 30th of each fiscal year.~~

Effective July 1, 2012, the following maximum vacation accruals shall take effect. Employees reaching the maximum hours provided here shall stop accruing additional vacation hours until they are below the caps listed here. No vacation hours may be added to sick leave balances without exception.

For employees who on July 1, 2012 have vacation balances that exceed their maximum shall have until June 30, 2013 to use sufficient vacation to get under the maximum allowed. If an employee does not get below the maximum by June 30, 2013, they shall retain their existing earned vacation, but shall not earn any additional vacation until they are under the maximum vacation accrual allowed.

The maximum number of vacation hours that employees on a 40 hour workweek shall accrue are as follows:

Under 1.5 years	200 hours
1.5 – 7.5 years	320 hours
7.5 – 15 years	360 hours
15 – 25 years	400 hours
25 years	408 hours
26 years	416 hours
27 years	424 hours
28 years plus	7 hours each additional year

For employees that are exempt from FLSA statutory overtime, employees shall accrue vacation leave as follows on a twice monthly basis as follows:

Less than 1-1/2 years continuous employment ..... 120 hours/year
After 1-1/2 years up to 7 1/2 years ....148 hours/year
After 7-1/2 years up to 15 years ..... 188 hours/year
After 15 years up to 25 years ..... 229 hours/year

Seven (7) additional hours hence for each completed year of service in excess of twenty-five (25) years.

Vacation Carryover Allowance. For employees that are exempt from FLSA statutory overtime, the following maximum vacation accruals shall take effect. Employees reaching the maximum hours provided here shall stop accruing additional vacation hours until they are below the caps listed here. No vacation hours may be added to sick leave balances without exception.

The maximum number of vacation hours that employees on a 40 hour workweek shall accrue are as follows:

Under 1.5 years	200 hours
1.5 – 7.5 years	320 hours
7.5 – 15 years	360 hours
15 – 25 years	400 hours
25 years	408 hours

26 years	416 hours
27 years	424 hours
28 years plus	7 hours each additional year

~~(c) Conversion of Excess Vacation Carryover Hours to Sick Leave. Whenever an employee's accumulation of vacation hours exceeds the maximum vacation carryover allowance, the excess number of vacation hours shall be automatically converted to sick leave hours and credited to the employee's sick leave accumulation balance at the end of the fiscal year (in reference to City/SPMA side-Letter of Agreement dated December 16, 2003).~~

(d) Vacation Sell-back ~~Allowance~~. **An** ~~Such~~ employees **on a forty (40) hour workweek may sell back** ~~are allowed~~ a maximum of ~~one-hundred and twenty (120) hours per fiscal year~~ **forty (40) hours of his/her unused accumulated vacation balance after the use of a scheduled vacation of forty (40) consecutive hours or more. This option may be exercised once per calendar year, except during furlough or fiscal emergency periods.** ~~To qualify for this sell-back benefit, an employee must have used either in the preceding or current fiscal year a minimum of eighty (80) vacation hours.~~

(e) Vacation Allowance for Separated Employees. When an employee is separated from the service **between February 17, 2012 and June 30, 2014**, **the employee's** ~~his~~ remaining allowance, if any, shall be ~~added to his final compensation.~~ **paid as follows:**

1. **Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated vacation hours.**

2. **On the one year anniversary of employee's separation, he/shall shall receive the second payment of one third (1/3) or $10,000, whichever is greater of the balance of his/her unused accumulated vacation hours.**

3. **On the second year anniversary of employee's separation he/she shall receive payment for the balance of the unpaid accumulated vacation hours.**

4. **Employees who are involuntarily separated shall have their unused accumulated vacation hours, if any, added to his/her final compensation.**

An employee who has resigned in good standing and is subsequently reinstated within one (1) year from the date of his resignation shall have his prior service counted in determining eligibility for vacation benefits, deducting therefrom the amount of time between the date of resignation and the date of reinstatement which shall not be counted in determining eligibility.

9.2 Sick Leave

(a) Accrual. All regular employees, except provisional, temporary and part-time employees, each shall accrue sick leave at the rate of ~~ten (10)~~ **eight (8)** hours for full month of service. All regular employees, except provisional, temporary and part-time employees, working less than a full month shall accrue sick leave while off duty on authorized sick leave; provided, however, an employee shall not accrue sick leave during any leave or leaves of absence without pay granted to the employee.

(b) Usage. Employees are entitled to sick leave pay for those days which the employee would normally have worked, to a maximum of sick leave hours accrued.

An employee may use sick leave for preventive medical, dental, optical care, illness, injury or exposure to contagious disease, which incapacitates him/**her** from performing his/**her** duties. This includes disabilities caused or contributed to by pregnancy, miscarriage, abortion, childbirth and recovery therefrom.

(c) Family Sick Leave. Employees may utilize **fifty percent (50%) of their annual accrued sick leave to attend to** ~~one day of sick leave per month in~~ case**s** of illness or injury in the employee's immediate family. ~~In addition, an employee may utilize up to one-half (1/2) of his or her annual sick leave accrual for the aforesaid purpose.~~

For the purpose of this section immediate family is defined as the employee's parents, spouse, **registered domestic partner**, mother-in-law, father-in-law, child, stepchild, brother, sister, brother-in-law, sister-in-law, **legal dependent**, grandparent and grandchild.

(d) Procedures for Requesting and Approving Sick Leave. When the requirement for sick leave is known to the employee, in advance of his absence, the employee shall request authorization for such sick leave from the department head prior to such absence. In all other instances, the employee shall notify his supervisor as promptly as possible of his absence.

Before an employee may be paid for the use of accrued sick leave, he shall complete and submit to his department head a signed statement, on a prescribed form, stating the dates and hours of absence, the exact reason, and such other information as is necessary for his request to be evaluated. If an employee does not return to work prior to the preparation of the payroll, other arrangements may be made with the approval of the department head.

(e) Doctor's Certificate or Other Proof. ~~If an employee's illness results in an absence from work for more than three (3) consecutive days, then a doctor's certificate or other reasonable proof of illness will be required by the department head.~~

The **Police Chief** ~~department head and~~ **or** the Director of Human Resources ~~may make such sick leave usage reviews and~~ may require **a doctor's certificate or other reasonable proof of illness** ~~such physician's documentation~~, as they deem necessary to ensure proper use of the sick leave benefit. **The employee shall be given notice prior to returning to work that he or she will be required to provide such documentation. Employees who have unscheduled absences due to illness on a scheduled work day preceding or following a holiday may be required to bring a doctor's certificate or other reasonable proof of illness in order to receive an excused absence and sick leave pay.**

(f) Use of Sick Leave while on Vacation. An employee who is injured or who becomes ill while on vacation may be paid for sick leave in lieu of vacation provided that the employee:

(1) was hospitalized during the period for which sick leave is claimed, or

(2) received medical treatment or diagnosis and presents a statement indicating disabling illness or injury signed by a physician covering the period for which sick leave is claimed.

(g) Payment for Unused Sick Leave **for Unit Employees**. ~~Upon separation with ten (10) years or more of service, or upon termination of employment by reason of death, the employee or the employee's estate will be paid fifty percent (50%) of the total unused sick leave at its current value. This provision shall also apply for service or disability retirement.~~

Effective February 17, 2012, all sick leave shall have no cash value upon separation of employment and employees shall not be allowed to cash out unused sick leave. Employees shall be eligible for CalPERS service credit for unused sick leave at retirement based on the PERS contract provisions in effect at the time of their hire.

9.3 Other Leaves With Pay

(a) Bereavement Leave. In the event of a death in the immediate family of an employee, **the employee** ~~he~~ shall, upon request be granted up to three (3) days bereavement leave with pay without charge to his/**her** accumulated sick leave credits or vacation eligibility. The City Manager may grant an additional **three (3)** ~~two (2)~~ days bereavement leave upon request which shall be charged against the employee's accumulated sick leave credits in cases where extensive travel time is required to attend the funeral. For the purposes of this section, immediate family is defined as the employee's parents, spouse, **registered domestic partner,** mother-in-law, father-in-law, child, stepchild, brother, sister, brother-in-law, sister-in-law, grandparent and grandchild.

In the event of the death of a person not immediately related to an employee as defined above, the employee's department head may grant up to three (3) days bereavement leave upon request which shall be charged against the employee's accumulated sick leave credits.

(b) Court Appearance. Upon approval by the department head, an employee, other than a provisional or temporary employee, shall be permitted authorized absence from duty for appearance in court because of jury service, in obedience to subpoena or by direction of proper authority, in accordance with the following provisions:

Said absence from duty will be **compensated for actual hours** ~~with full pay for each~~ the employee serves on the jury or testifies as a witness in a criminal case,

other than a defendant, including necessary travel time. As a condition of receiving such full pay, the employee must remit to the City, through the employee's department head, within fifteen (15) days after receipt all fees received except those specifically allowed for mileage and expenses. Jury duty or witness duty appearances shall be considered in terms of **actual hours spent performing those duties**. ~~"whole days" (8 hours) or "half days" (4 hours) of service.~~ If an employee is not due to appear for jury duty or as a witness until afternoon court session, he/**she** will be expected to work his usual morning schedule. If an employee is required to appear for morning court session and is **released** ~~sent home~~ before noon and not required to return **to court** in the afternoon, he/**she shall** ~~will be expected to~~ work **the remainder of his/her** ~~his~~ usual afternoon schedule.

Said absence from duty will be without pay when the employee appears in private litigation to which the City of Stockton is not a party.

Any fees allowed, except for reimbursement of expenses incurred, shall be remitted to the City Treasurer through the employee's department.

Notwithstanding the foregoing, attendance in court in connection with an employee's official duties or in behalf of the City of Stockton in connection with a case in which the City of Stockton is not a party, together with travel time necessarily involved, shall not be considered absent from duty within the meaning of this Section.

(c) Court Appearance Pay while in Off Duty Status. When an employee is required by proper authority to appear in court during off-duty hours, said employee shall receive ~~a minimum~~ compensation of three (3) hours at time and one-half (1-1/2) or ~~be compensated for~~ actual time worked at **the appropriate rate** ~~time and one-half (1-1/2)~~, whichever is greater.

~~In the event said employee is required by proper authority to return to court during off-duty hours on the same day, said employee shall be compensated for a minimum of three (3) hours at time and one-half (1-1/2) or be compensated for actual time worked at time and one (1-1/2), whichever is greater. If court appearance is required in the morning and afternoon session on the same day, said employee shall be compensated for a minimum of one (1) hour at time and one-half (1-1/2), in addition to the above.~~

(d) Military Leave. An employee of the City who is a member of the National Guard or Naval Militia or a member of Reserve Corps or Force of the Federal Military, Naval or Marine Service and is ordered to duty shall be granted leave with pay while engaged therein, provided the leave does not exceed thirty (30) calendar days in any calendar year.

All regular employees in the service of the City shall be allowed leave of absence without pay for the duration of a national emergency who have been inducted into the Army, Navy, Marine Corps, Air Force or any other branch of the Military Service of the United States or the State of California. Said employees shall be reinstated in the service, except as hereinafter stated, providing they are physically fit as shown by a medical examination by the City Physician or other physician appointed to make a medical examination.

In the case of a probationary employee having served his minimum probationary period of twelve (12) months at the time of induction, it shall be optional with the department head and the City Manager to grant regular status to said employee before induction.

All probationary employees inducted into the Military Service not having served the minimum probationary period of twelve (12) months, or having served the minimum probationary period of twelve (12) months but not having received regular status shall be allowed leave of absence without pay for the duration of a national emergency, but said employees shall be placed at the head of the eligible list for such position in the order of their seniority of employment and when appointed to a vacant position, they must be physically fit as above specified and shall serve the balance of their probationary period before attaining the status of a regular employee.

Two or more regular employees granted military leave of absence without pay from the same position shall be reemployed according to their seniority of employment providing they are physically fit as above specified.

(e) Management Time Leave. The City shall provide forty (40) hours of paid-management time-leave each fiscal year. The time-leave of forty (40) hours may not carry over from fiscal year to fiscal year, be used for sell-back purposes, or paid for any unused leave-time upon separation of City employment.

9.4 Workers' Compensation Leave

Whenever any member of this unit, is disabled, whether temporarily or permanently, by injury or illness arising out of and in the course of his duties, he/she shall become entitled, regardless of his/her period of service with the City, to a leave of absence while so disabled without loss of salary, in lieu of temporary disability payment, if any, which would be payable for the period of such disability but not exceeding one year, or until such earlier date as he/she is retired on permanent disability pension.

If injury is claimed to be job related or a recurrence of a previous job related sickness or injury it must be verified with a written physician's statement otherwise disability leave will not be allowed. Any absence not so approved will be charged to sick leave if verification is not received.

(a) Forms and Procedures. Workers' compensation processing shall be consistent with City procedures and in accordance with state workers' compensation regulations. An employee who sustains a work-related injury or illness shall immediately inform his/her supervisor no matter how minor an on-the-job injury may appear. An employee who sustains a work-related injury or illness is required to seek medical care at facilities designated by the City unless they have filed a pre-designation of personal physician prior to sustaining the work-related injury or illness. For a list of City designated medical care facilities and/or physicians, please contact Human Resources.

9.5 Leaves of Absence

Employees shall not be entitled to leave of absence as a matter of right, but only in accordance with the provisions of law and the City of Stockton Municipal Code. Unless otherwise provided, the granting of a leave of absence also grants to the employee the right to return to a position in the same classification or equivalent classification, as the employee held at the time the leave was granted. The granting of any leave of absence shall be based on the presumption that the employee intends to return to work upon the expiration of the leave.

All approval authority over leaves of absence exercised by the department head under this Section shall be subject to review by the City Manager, whose ruling shall be final. Employees on authorized leaves of absence without pay shall not be entitled to payment by the City of the premiums for their health and dental

insurance, except as provided hereinafter.

The entitlement to City payment of premium shall end on the last day of the month in which the employee was paid except that employees on an authorized leave of absence may continue enrollment in the City health and dental insurance plan by prepayment of the monthly premium during the authorized leave of absence.

Authorized absence without pay which exceeds thirty (30) consecutive calendar days, except military leave, shall not be included in determining salary adjustment rights, based on length of employment. Periods of time during which an employee is required to be absent from his/**her** position by reason of an injury or disease for which he/**she** is entitled to and currently receiving Workers' Compensation benefits shall be included in computing length of service for the purpose of determining that employee's salary adjustments.

9.6 Leave of Absence Without Pay

(a) Purpose and Length. Only employees occupying regular positions on a permanent basis are eligible for leaves of absence without pay, under the provisions of this Section.

An appointing authority may grant leave of absence without pay for personal reasons, up to a maximum of twelve (12) months, with approval of the Director of Human Resources.

Leaves of absence without pay on account of illness or injury, which are not job incurred, may be granted for a maximum period of twelve (12) months with approval of the Director of Human Resources. This includes disabilities caused or contributed to by pregnancy, miscarriage, abortion, childbirth and recovery therefrom.

Such a leave will be granted only after all accrued sick leave credits have been used and shall be substantiated by a physician's statement.

(b) Application for and Approval of Leaves of Absence Without Pay. In order to receive leave without pay, an employee must submit a request on the prescribed form to his department head and the City Manager describing the reasons for the request and all other information required for the department head, or his

representative, to evaluate the request. Leaves without pay may be canceled by the department at any time.

9.7 Absence Without Official Leave (AWOL)

(a) Refusal of Leave or Failure to Return After Leave. Failure to report for duty or failure to report for duty after a leave of absence request has been disapproved, revoked, or canceled by the department or City Manager or at the expiration of a leave, shall be considered an absence without leave.

(b) Voluntary Resignation. Any employee in this bargaining unit absent without leave for two (2) or more consecutive days or absent an aggregate of sixteen (16) hours in any calendar month without a satisfactory explanation shall be deemed to have voluntarily resigned from the City of Stockton except if the absence is due to a verified illness or injury.

AB 506 LABOR MEDIATION PROPOSAL

MEMORANDUM OF UNDERSTANDING (POLICE MANAGEMENT UNIT)

SECTION 10. DAYS AND HOURS OF WORK

10.1 Workweek

The normal workweek for Police Service Management Unit employees shall consist of five (5) eight (8) hour days or a minimum total of forty (40) hours. Where operational requirements of a department require deviations from the present schedule, the **Police Chief and/or** City Manager may institute alternate work schedules, consistent with provisions of the State Law.

SPMA will meet and confer with the City on any proposed changes in work schedule.

10.2 Meal Periods

Phase shift employees normally receive a one-half (1/2) hour meal with pay each.

Other Police Service Management Unit employees will normally receive a one (1) hour meal period without pay.

10.3 Work Furloughs

The furlough program shall be continued to achieve a savings of ~~4.62%~~ **2.31%** annually for the term of this contract, as set forth below. ~~SPMA and the City will meet and discuss the continued need for furloughs in the fiscal year 2011-2012.~~

(a) ~~96~~ 48 Furlough Hours. Effective **the pay period that includes** July 1, ~~2010~~ **2012, through June 30, 2014, each**, ~~and again on July 1, 2011,~~ each employee shall take ~~ninety-six (96)~~ **forty eight (48)** unpaid furlough hours in accordance with (c) and (d) of this section. **Effective July 1, 2014 furloughs shall be eliminated and this section, 10.3, in its entirety shall be eliminated and inoperable**.

(b) Equalized Payroll Deductions. **For fiscal year 2012 – 2013 and fiscal year 2013 – 2014 p**Payroll deductions for the ~~ninety-six (96)~~ **forty eight (48)** furlough hours described in section 10.3, paragraph (a) herein above shall be equalized so that each bargaining unit employee shall have ~~four (4) hours (4.62%)~~ **two (2) hours (2.31%)** at the employee's regular hourly rate of pay

deducted from each of the twenty-four (24) pay warrants in each fiscal year.

(c) Furlough Bank. The ~~ninety-six (96)~~ **forty eight (48)** furlough hours **in fiscal year 2012 – 2013 and again in fiscal year 2013 -2014** will be placed in a furlough bank. The furlough bank may be carried over from one fiscal year to the next. There shall be no cash value provided for any furlough hours.

(d) Use of Furlough Hours. All furlough leave shall be scheduled in advance with the employee's supervisor. Furlough hours must be scheduled and used prior to the date of separation.

(e) Separation from City Service before June 30, 2013. Any employee who separates from City service before the final four (4) hour furlough deduction on July 7, 2013 for the pay period ending June 30, 2013, and after having used furlough hours, shall have his or her final compensation reduced by the sum of the number of furlough hours the employee has actually used minus the number of furlough hours actually deducted from the employee's pay warrants multiplied by the employee's regular hourly rate of pay. Conversely, any employee who separates from City service before June 30, 2013, having suffered furlough deductions in excess of the actual number of furlough hours the employee has used, shall have his or her final compensation credited by like amount.

SECTION 11. OVERTIME

11.1 Eligibility

Police Service Management employees shall not be eligible for overtime for extra hours worked to perform duties of their assigned positions with the following exceptions:

(a) When assigned to cover the shift of another employee in a comparable position.

(b) When assigned to work due to an emergency situation as required by their department.~~;~~

(c) When assigned to work on special projects, events, and/or critical incidents as required by the department.

(d) For any hours worked as a result of exceptions (a) through (c), extra hours shall only be compensated according to statutory overtime requirements.

11.2 Authorization

The Chief of Police must personally approve any overtime pay for Police Service Management Unit employees.

SECTION 12. HOLIDAYS

12.1 Compensation for Holidays Worked

(a) Police Service Management Unit employees required to work a holiday shall be compensated an additional **eight (8) hour's** day's pay at one and one-half (1 1/2) times the straight time rate. This compensation can be in the form of direct payment or earned time. Earned time overtime hours shall be limited to a maximum accumulation of forty (40) hours at any point. Police Service Management Unit employees requesting earned time compensation shall, prior to July l, each year, declare on a form provided by the City their intention to receive equivalent compensatory time for holidays which they may have to work.

(b) Regular and probationary Police Lieutenant employees shall receive, in addition to their normal compensation, one day's pay for each of the holidays listed ~~except the employee's birthday~~.

(c) When an employee is separated from the service between February 17, 2012 and July 1, 2014, the employee's remaining holiday allowance, if any, shall be paid as follows:

a. Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated holiday hours.

b. On the one year anniversary of employee's separation, he/shall shall receive the second payment of one third (1/3) or $10,000, whichever is greater of the balance of his/her unused accumulated holiday hours.

c. On the second year anniversary of employee's separation he/she shall receive payment for the balance of the unpaid accumulated holiday hours.

d. Employees who are involuntarily separated shall have their remaining holiday allowance, if any, added to his/her final compensation.

12.2 Holidays Observed by the City

~~(1) January 1 ..... New Year's Day~~
~~(2) Third Monday in January ..... Martin Luther King Jr. Birthday~~
~~(3) Second Monday in February..... Lincoln's Birthday~~
~~(4) Third Monday in February..... Washington's Birthday~~
~~(5) March 31..... Cesar Chavez Day~~
~~(6) Last Monday in May..... Memorial Day~~
~~(7) July 4 ..... Independence Day~~
~~(8) First Monday in September..... Labor Day~~
~~(9) Second Monday in October ..... Columbus Day~~
~~(10)November 11..... Veteran's Day~~
~~(11)Fourth Thursday in November..... Thanksgiving~~
~~(12)Fourth Friday in November..... Day After Thanksgiving~~
~~(13)December 25.....Christmas Day~~
~~(14)Employee's Birthday~~

(1) New Years Day ..... (January 1)
(2) Martin Luther King's Birthday.....(Third Monday in January)
(3) Lincoln's Birthday ..... (Second Monday in February)
(4) Washington's Birthday .....(Third Monday in February)
(5) Cesar Chavez' Day ..... (March 31)
(6) Memorial Day.....(Last Monday in May)
(7) Independence Day .....(July 4)
(8) Labor Day.....(First Monday in September)
(9) Columbus Day .....(Second Monday in October)
(10) Veteran's Day..... (November 11)
(11) Thanksgiving .....(Fourth Thursday in November)
(12) Day following Thanksgiving ..... (Fourth Friday in November)
(13) Christmas Day .....(December 25)
~~(14).....Employee's Birthday~~

~~In addition, a day appointed by the President or Governor as a public holiday shall be observed by the City.~~

~~Birthday Holiday Leave. The department head with due consideration for the wishes of the employee and the needs of the department may authorize the birthday to be taken within thirty (30) calendar days of the employee's actual birth date.~~

For employees on a Monday through Friday workweek, if holidays fall on a Sunday, the following Monday shall be observed. If holidays fall on Saturday, the proceeding Friday shall be observed.

For employees in the Police Department on a ten (10) hour shift schedule, holidays that fall on Saturday or Sunday shall be observed on Saturday or Sunday respectively.

SECTION 13. COMPENSATION AND ALLOWANCES OTHER THAN BASE SALARY

13.1 Retirement Contribution Supplement

(a) Public Employees' Retirement System (P.E.R.S.). ~~The City will contribute nine percent (9%) of the employee's current base salary and other compensation as qualified by State Law toward Public Employees' Retirement System (P.E.R.S.). Such amounts will be applied to the employee's individual account in accordance with California Government Code Section 20615.~~

The City contributes an amount equal to nine percent (9.0%) of the employee's current base salary and other compensation as qualified by State law toward PERS benefits. Such amounts will be applied to the employee's individual account in accordance with Government Code section 20691.

(b) P.E.R.S CONTRIUBTION. Effective July 1, 2010, employees shall pay 4.5% toward the employer contribution of PERS. Effective July 1, 2011, employees shall pay and additional 4.5% toward the employer contribution of PERS for a total of 9%. This section shall not be construed to permit employees to receive a "double" EPMC benefit, as employees already receive the EPMC benefit pursuant to section 13.1(c).

Effective August 1, 2011, employees hired on or before June 30, 2011 shall pay nine percent (9%) of the employee's current base salary (employee contribution) and other compensation as qualified by state law towards the Public Employees' Retirement System (PERS) towards employee's share of cost for PERS pension on a post-tax basis in the form of a payroll deduction. ~~The 9% contribution shall be paid post-tax effective July 1, 2011.~~ The City will seek a private letter ruling from the IRS to determine whether or not the IRS permits the employee's contribution to the employer's share of pension cost to be treated on a pre-tax basis. If the IRS issues a private letter ruling allowing the employee's contribution towards employer pension cost on a pre-tax basis, the City will change the deduction from post-tax to pre-tax as soon as administratively possible after the IRS final determination. ~~Alternatively, if the IRS does not allow the contribution to be made on a pre-tax basis and~~ **Additionally, the City will work with PERS to determine whether or not PERS will allow a contract amendment per Section 20516 to allow an**

employee contribution in the amount of 9% of the employee's current base salary (employee contribution) and other compensation as qualified by PERS towards the employer's share of cost for PERS pension on a pre-tax basis. If PERS determines that the maximum contribution through PERS Section 20516 amendment is less that the 9% and/or some or all of the contributions sunset at a specific time in the future, the parties agree that the City shall deduct the percentage up to 9% not covered by the PERS amendment process through a payroll deduction. Additionally, in the event the City reaches agreement with the SPOA for SPOA members to pay 9% of the employer's contribution through a PERS **section 20516** contract amendment, the parties agree that SPMA would be subject to that amendment **as well, consistent with PERS requirements.**

[MODIFICATION FROM 2010 SIDE LETTER: P.E.R.S. CONTRIBUTION.]

(c) Employer Paid Member Contribution Converted to Payrate during the Final Compensation Period. The City will **make application to** ~~provide~~ P.E.R.S. **to provide** California Government Code section ~~20615.5~~ **20692** (Employer Paid Member Contributions Converted to Payrate during the Final Compensation Period) as **an additional** ~~added~~ P.E.R.S. benefits**, to be effective upon adoption by the Stockton City Council and the P.E.R.S. Administration Board**. At the beginning of employee's last year of employment, the employee will pay their employees' nine percent (9%) benefit cost through an automatic payroll deduction. The City will increase the base salary for those employees by the same nine percent (9%) for the last twelve months of employment. **The** Internal Revenue Service (IRS) Code 414H(2), **whereby employee contributions shall be tax deferred (not subject to taxation until time of constructive receipt)** will be concurrently implemented with P.E.R.S. California Government Code section ~~20615.5~~ **20692**.

(d) Military Service Credit. The City will provide military service credit pursuant to the provisions of California Government Code section **21024, formerly Section** 20930.3 at the employee's expense.

(e) Credit for Unused Sick Leave. The City will provide P.E.R.S. California Government Code section 20965 (Credit for Unused Sick Leave) as added P.E.R.S. benefits.

(f) Fourth Level of 1959 Survivor Benefits. The City ~~will~~ provide**s** P.E.R.S.

California Government Code section ~~21382.5~~ **21574** (Fourth Level of 1959 Survivor Benefits) as **an additional retirement benefit, to be effective upon adoption by the Stockton City Council and the** added P.E.R.S. **Administrative Board** ~~benefits~~.

(g) Service Retirement Plan Formula **for Employees Hired on or before July 1, 2012**. The City's service retirement contract with P.E.R.S. for safety members **of this unit hired on or before July 1, 2012** ~~represented by this bargaining unit~~ shall be 3% at Age 50.

(h) Pension Reform. When SPOA becomes subject to a second tier retirement formula, this unit will adopt the change and new employees moving into this unit shall be at the new tier.

(i) Service Retirement Plan Formula for Unit Employees Hired on or after July 1, 2012. The City will contract with PERS to provide a new second tier retirement program of 3% at 55 with three year average salary formula and no other additional PERS enhanced benefits except for those statutorily required for employees hired on or after July 1, 2012 or as soon as administratively possible. Effective July 1, 2012, all employees shall pay 9% of the employees' current base salary towards the employee's contribution towards PERS and any other compensation as qualified by state law towards PERS retirement benefits through a payroll deduction.

13.2 Uniform Allowance

~~Effective July 1, 2010~~, **Effective July 1, 2012,** employees in this unit shall receive as annual compensation, a uniform allowance in the amount of ~~one thousand five hundred dollars ($1,500.00)~~ **nine hundred fifty dollars ($950.00)**. ~~per year for the term of the contract.~~.

One-half (1/2) of the annual value of uniform allowance shall be paid to eligible employees during the months of April and October.

13.3 No Deferred Compensation

Effective July 1, 2010, the City's contribution into Deferred Compensation **was** ~~will be~~ converted to salary. Employees will no longer receive a deferred compensation benefit.

13.4 Mileage Reimbursement for Private Vehicle Use

For authorized use of a private vehicle an employee in this unit will be reimbursed for actual mileage at the current rate established for other employees.

13.5 Police Vehicles

Members of SPMA shall be assigned a police vehicle due to the need for emergency response and command status at all time. This vehicle shall be taken home at night, with the manager maintaining radio contact and monitoring radio traffic until parked. The take-home radius shall be the same distance as the alternative work site radius (sixty miles for out-of-town training) measured from the central point of the City.

13.6 Communication Devices

Members of SPMA shall be provided a communication device that will work as a cell phone, connect to the internet, and have the ability for two-way and group electronic communication with other police management, the communication center, and other emergency management personnel throughout the City in an appropriately encrypted manner.

13.7 Certificate Incentive Pay

(a) The City shall pay six percent (6.0%) of the top step in rank for employees who attain a P.O.S.T. Supervisory Certificate.

(b) The City shall pay an additional three percent (3.0%) for a total of nine percent (9.0%) of top salary step in rank for employees who attain a P.O.S.T. Management Certificate or higher, upon completion of two (2) continuous years of service in rank and upon completion of management course.

~~**13.8 Educational Incentive Pay**~~

~~Effective August 1, 2011, Education Incentive Pay shall be eliminated. From August 1, 2011 through the June 30, 2012, those members who were receiving~~

~~Education Incentive Pay as of July 31, 2011 shall be grandfathered, and during this transition period all unit members shall make a pre-tax in-lieu contribution of $481.00 per month towards the cost of their monthly premium for medical/dental/vision plan coverage. This pre-tax in-lieu contribution shall be in addition to any employee payment required by section 14.1, and the city contribution to the employee's medical/dental/vision plan shall be reduced by the $481.00 per month during this period.~~

[MODIFICATION FROM SIDE LETTER 2011 RE: REGARDING CONCESSIONS]

~~An employee with degrees/diplomas above and beyond that is required of their position shall be provided three percent (3%) of the top step of rank. Employees are limited to no more than three percent (3%) regardless of the number of degrees/diplomas above that required of the position. If the employee promotes to a position that matches his/her diplomas/degree, the three-percent (3%) will no longer be paid. Experience may not substitute for education. Other formal education/training programs may substitute for the actual degree/diploma.~~

~~For employees in a classification requiring a Master degree, those employees who possess double Masters will be eligible for three percent (3%) education incentive pay.~~

13.9 Longevity Increment Pay for Grandfathered Employees Only

1. **Effective July 1, 2012 t**~~T~~he longevity increment shall be effective the first pay period following the anniversary date of hire of the employee as follows:

(a) The City shall pay ~~four~~ **two** percent (4**2**.0%) of top salary step in rank for longevity pay, upon completion of twelve (12) years of continuous service as a public safety member of the Stockton Police Department.

(b) The City shall pay an additional ~~two~~ **one** percent (~~2~~**1**.0%) for a total of ~~six~~ **three** percent (~~6~~**3**.0%), upon completion of eighteen (18) years of continuous service as a public safety member of the Stockton Police Department.

(c) The City shall pay an additional ~~two~~ **one** percent (~~2~~**1**.0%) for a total of ~~eight~~ **four** percent (~~8~~**4**.0%), upon completion of twenty-four (24) years

of continuous service as a public safety member of the Stockton Police Department.

(d) ~~Effective July 1, 2008,~~ Tthe City shall pay an additional ~~two~~ **one** percent (2**1**.0%) for a total of ~~ten~~ **five** percent (~~10~~**5**.0%), upon completion of twenty-seven (27) years of continuous service as a public safety member of the Stockton Police Department.

(e) For the limited purpose of defining continuous service under this Section of the Memorandum of Understanding, continuous service shall include leaves without pay for less than one (1) year as long as the public safety officer did not withdraw his or her contribution from P.E.R.S.

2. Effective June 30, 2013 Longevity Increment Pay shall be eliminated for all employees in this unit. Section 13.9 in its entirety shall be eliminated and inoperative.

AB 506 LABOR MEDIATION PROPOSAL

MEMORANDUM OF UNDERSTANDING (POLICE MANAGEMENT UNIT)

SECTION 14. INSURANCE PLANS

14.1 ~~Health and Welfare Benefits~~ Health Insurance And Related Benefits

(a) Health and Welfare Benefits. ~~The City will provide for hospitalization, medical, dental, orthodontic, prescription and vision benefits. The medical plan is the City's modified benefits plan, effective January 1, 1993.~~ Employees in this bargaining unit shall have a choice of enrolling themselves and their eligible dependents in the City's Modified Plan or any other plan that the City shall offer to regular employees. **Each plan shall offer an Employee only, Employee plus One and Employee plus two or more dependents coverage. The City shall offer two or more medical plans to regular employees.** For the modifications to the City's Modified Plan which are effective September 1, 2011, the revised annual deductible shall be effective on January 1, 2012.

(b) Eligibility. Employees shall become eligible for Medical insurance on the first day of the month subsequent to completion of thirty (30) days of continuous service with the City. Employees shall become eligible for Dental insurance on the first day of the month subsequent to completion of sixty (60) days continuous service with the City. **An eligible employee and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/registered domestic partner or another eligible City employee, but not both. If an employee is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee plan (i.e., an employee and his or her dependent cannot be covered by more than one City-offered health plan).**

(c) Employee Medical Insurance Contribution. ~~The employee shall share costs with the City on a medical plan that has 80/20 as the base formula, with the employee responsible for the 20% of the monthly tiered rate, applicable to the individual employee (employee, employee plus one, or family), based upon annual rates set by the City's actuary. The City will keep SPMA informed as to changes to actuarial methods employed by its actuary which materially affects the rates, and permit the opportunity for SPMA to discuss such changes.~~ Effective September 1, 2011:

(1) The City shall contribute up to $481.00 per month toward the cost of the monthly premium for employee-only medical/dental/vision

plan coverage.

(2) The City shall contribute up to $875.00 per month toward the cost of the monthly premium for employee plus one dependent medical/dental/vision plan coverage.

(3) The City shall contribute up to $1165.00 per month toward the cost of the monthly premium for employee plus two or more dependents medical/dental/vision plan coverage.

(4) These contributions are based on full-time employment; regular part-time employees shall receive a prorated contribution based on their percentage of full-time employment. Insurance plan premiums that exceed the City's monthly contribution shall be paid by the employee through payroll deductions. The City shall maintain its IRS 125 Plan to allow for employee contributions for medical/vision/dental to be pre-tax premium conversion.

[MODIFICATION FROM SIDE LETTER 2011 RE: REGARDING CONCESSIONS]

~~SPMA agrees to implement the plan design changes as recommended by the Health Advisory Committee as of May 10, 2010 (prescription co-pays). SPMA will meet and confer with the City mid-term regarding further plan changes.~~

~~(c) Orthodontic: *The orthodontic benefits coverage will have a TWO THOUSAND DOLLAR ($2,000.00 maximum).*~~

(d) Plan Rules. Employees may insure themselves and their eligible dependents under the medical/vision and dental plans provided by the City, in accordance with the rules and regulations applicable to the selected Plan. Benefits in the Plan shall be in accordance with the Plan document.

(e) The City will keep SPMA informed as to changes to actuarial methods employed by its actuary which materially affect the rates, and permit the opportunity for SPMA to discuss such changes. ~~SPMA agrees to implement the plan design changes as recommended by the Health Advisory Committee as of May 10, 2010 (prescription co-pays).~~ SPMA will meet and confer with the City

mid-term regarding further plan changes. **Plan design changes to the City's Modified Plan for employees are effective September 1, 2011.**

~~(f) The orthodontic benefits coverage will have a TWO THOUSAND DOLLAR ($2,000.00 maximum).~~

[MODIFICATION FROM SIDE LETTER 2011 RE: REGARDING CONCESSIONS EXCEPT FOR STRIKE IN F.]

14.2 Life Insurance

Each employee in this unit will receive group life insurance coverage paid for by the City of Stockton equal to ~~their annual salary rounded to the nearest one thousand dollars~~ **a value of $50,000.**

~~Each employee in this unit will receive group life insurance coverage at one and one-half (1-1/2) times their annual salary.~~

14.3 Long Term Disability Insurance

Each employee in this unit will receive long term disability insurance coverage. Essentially, this is an income protection plan which provides disability income for management including:

(a) Each disability - Approximately 66 2/3% of salary.

(b) A ~~30~~ **90**-day waiting period before eligibility for benefit.

(c) Benefit payable until age sixty-five (65).

14.4 Retirement Medical Allowance

(a) Eligibility. ~~For unit members hired prior to July 1, 2007, the City shall pay a premium for the purpose of providing hospital-medical benefits for each City employee who has retired. Such coverage shall include one (1) dependent. This benefit pertains to retirees and one (1) dependent that have retired subsequent to April 16, 1978.~~

An eligible retiree and eligible dependent may be enrolled in a City

offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/domestic partner or another eligible City employee/retiree, but not both. If an employee/retiree is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee or retiree's plan (i.e., a retiree and his or her dependent cannot be covered by more than one City-offered health plan). The City does not provide any retiree medical program, allowance or City contribution for employees hired on or after July 1, 2011.

(b) City Contribution for the Period of July 1, 2012 – June 30, 2013.

Effective July 1, 2012, for employees hired on or before June 30, 2011, at retirement only, the City shall provide to employees retiring from the City the following contribution towards the costs of retiree medical insurance for the period of July 1, 2012 – June 30, 2013.

1. Employees retiring with over 10 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $150 a month towards the cost of retiree medical insurance.

2. Employees retiring with over 20 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $300 a month towards the cost of retiree medical insurance.

3. Employees retiring with over 30 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $450 a month towards the cost of retiree medical insurance.

4. Employees with less than 10 years of service for the City shall not be eligibility for a city contribution towards retiree medical and may not be enrolled in the City sponsored plans.

5. Benefits for part time employees who retire are prorated based on their full time equivalent.

6. The City contributions shall end with the death of the retiree and no survivor benefits are provided.

7. Retirees who are enrolled in city-sponsored plans may enroll their eligible dependents at their own expense.

(c) Elimination of Retiree Medical Program effective June 30, 2013

Effective June 30, 2013, the City shall no longer provide a contribution towards the cost of retiree medical insurance for current employees (future retirees) and current retiree. Retirees shall not be eligible to participate in the City's medical plans.

~~For unit members hired prior to July 1, 2007, the City shall pay a premium for the purpose of providing hospital-medical and prescription benefits for each employee who has retired. Such coverage shall include one dependent and include the following~~

~~(1) Normal Service Retirement. Eligibility for the allowance provided by this section is limited to employees who have retired subsequent to October 1, 1980, and who have retired at age fifty (50) or later. Such allowance shall terminate at age sixty-five (65) or at the age when eligible for Medicare, whichever occurs later.~~

~~(2) Disability Retirement. Eligibility for the allowance provided by this section is limited to employees who have retired subsequent to October 1, 1980, and such allowance shall be limited to a maximum of fifteen (15) years or the attainment of age sixty-five (65), whichever occurs first.~~

~~(3) Prescription Coverage. Prescription coverage will be provided for retirees and one (1) dependent.~~

~~(4) Medical Plan. The medical plan for employees retiring shall be the City's Modified medical benefits Plan.~~

~~(c) For unit members hired prior to July 1, 2007, any and all subsequent increased premium costs required to maintain the benefits provided in this Section shall be the responsibility of the retiree and said increased costs shall be~~

~~charged to the retiree as may be necessary for the months subsequent to June 30, 2012, unless otherwise agreed to by the parties hereto.~~

~~(d) (e) Supplemental Retiree Medical Insurance Allowance and Coordination with Medicare after Age 65. For unit members hired prior to July 1, 2007, an employee retiring on or after July 1, 2006, and eligible for retiree medical insurance allowance as provided in this section, shall continue to be eligible to participate in the City's for retired employee and one (1) eligible dependent when both persons reach age sixty-five (65) or at the age when eligible for Medicare, whichever occurs later. The City's retiree medical insurance plan shall be supplemental and secondary to Medicare medical coverage or any other medical benefit coverage available to the retired employee and eligible dependent.~~

~~(e) Medicare Supplemental Coverage Requirements only. For unit members hired prior to July 1, 2007 each retired employee and each spouse are required by the City to apply for Medicare Part A and Part B coverage and to accept Medicare coverage if eligible, upon reaching age sixty five (65) or the age of eligibility for Medicare, whichever occurs later. Those retiring after July 1, 2006, who must pay a premium to Medicare in order to obtain Part A coverage, will be reimbursed by the City for their Medicare Part A premium. The City's medical coverage shall continue on a coordinated basis with the City as a secondary payer after Medicare pays as the primary provider.~~

~~There may be occasions when paying the premium cost for Medicare Part A may not be in the City's best interest or the retiree may not be eligible. If such circumstances exist, the City's supplemental medical plan would then be the primary coverage plan.~~

~~The City reserves the right to terminate reimbursement payments for Part A Medicare coverage, in which event the retiree will receive the City's as the primary health coverage, with the premiums for such coverage to be paid by the City. The coverage provided pursuant to this section shall apply to the retiree and his/her spouse.~~

~~(f) Unit members hired on or after July 1, 2007 will not be eligible for either the regular Retirement Benefit Allowance (to age 65) or the Supplemental Allowance (after age 65) as set forth above in section 14.(a) through 14.4(e).~~

~~14.5 Retiree Medical Trust.~~

~~The City established the Stockton Regional Retiree Medical Trust (Trust) as outlined in the September 10, 2007 Side-Letter of Agreement between the City and the Stockton Police Officers' Association. SPMA will continue discussions with the City pertaining to the future funding rates for the Trust.~~ The guidelines regarding establishment of the trust, Tax issues, required contributions, distributions, non-vesting, and trust structure and governance are set forth in a Side Letter of Agreement in this MOU. Effective July 1, 2011, all City and employee contributions to the Trust as outlined in the Side Letter of Agreement shall be eliminated. The City and SPMA shall continue to meet and confer regarding the status os the current balances in the Trust and whether there are alternatives to the Trust. SPMA will continue discussions with the City pertaining to the future funding and rates for the Trust. ~~These discussions will honor the original intent of the development of the Trust, however take into account the need to create a formula that is financially sustainable for the City and the employees.~~

[MODIFICATION FROM SIDE LETTER 2011 RE: REGARDING CONCESSIONS.]

14.5 Alternative Retirement Medical Plans

The parties have negotiated that employees may choose to enroll in one or more additional health plans instead of the City Modified Plan (including but not limited to Kaiser Sr. Advantage).

This language sets forth the conditions in which current employees, when they retire from the City and otherwise qualify for a retiree medical benefit from the City as stated in Sections 14.2 and 14.4 of this MOU, may also choose to enroll in City sponsored alternative plans in the same manner as when they were employees, as well as retiree only medical plans. The following conditions shall apply:

(a) If an employee is in a City sponsored alternative plan at the time of retirement, the employee shall be allowed to continue in that Plan. Employees in the union sponsored plans authorized by the City at the time of retirement shall be allowed to continue in that Plan. (Operating Engineers units). Employees not in an alternative Plan at the time of retirement shall not be allowed to enroll in any alternative

plan except that; any retiree may voluntarily enroll in a City sponsored retiree only Plan.

A retiree may only enroll in alternative plans other than the City Modified Plan when:

(a) The retiree selecting plans other than the City's Modified Plan must agree that the City's financial contribution to a premium payment for any other Plan shall not exceed the current contribution amount the City would pay if the retiree is enrolled in the City Modified Plan, and

(b) The individual retirees will be required to sign a form that indicates their agreement with these conditions.

The City reserves the right to eliminate these additional plans and the choice of multiple plans is not a vested right. Like the City Modified Plan, the City reserves the right to make plan design changes as necessary in these Alternative Plans.

14.6 Medicare Supplemental Coverage Requirements only for Employees hired on or before June 30, 2011

The City reserves the right to terminate reimbursement payments for Part A Medicare coverage, in which event the retiree will receive the City's modified medical plan which includes medical design changes effective September 1, 2011 as the primary health coverage, with the premiums for such coverage to be paid by the City. The coverage provided pursuant to this section shall apply to the retiree and his/her spouse.

Under the federal Health Care Reform Plan, sponsors may modify the medical benefits provided to retirees only. The City will modify its retiree health care plan to reflect the following:

(a) Return Plan benefits for Acupuncture to 12 visits per year (instead of unlimited) and returns the payment percentage paid to 60% (instead of 80%);
(b) Return Plan benefits for Alcohol and Drug Treatment admissions to 30 days and 3 lifetime admissions (instead of unlimited);
(c) Return Plan benefits for Outpatient Mental Health or Nervous

Disorder services to 15 visit maximum (instead of unlimited);

(d) Change Plan benefits for Preventative care and wellness to 80% instead of current 100%;

(e) Return Plan benefits on the lifetime cap on plan benefits to $2.5 million (instead of unlimited);

(f) Return Plan benefits on the maximum age of dependent children to be enrolled in the Plan to age 19 unmarried, and not serving in the armed forces to 23 if attending school full time and qualifies as a dependent for federal income tax purposes.(instead of age 26);

(g) Change Plan benefits for Emergency room benefits.

AB 506 LABOR MEDIATION PROPOSAL

MEMORANDUM OF UNDERSTANDING (POLICE MANAGEMENT UNIT)

SECTION 15. SALARY PLAN

15.1 Salary

During the term of this agreement there shall be no salary increases. Effective July 1, 2012, salaries for classifications in this unit shall be as attached in Appendix A.

15.~~1~~2 Salary Ranges

The salary range/pay grade for all employees in the aforementioned representation unit will be as set forth in Appendix "A," which is attached hereto and made a part hereof and represents the standard rate of pay for full-time employment, unless the schedule specifically indicates otherwise.

15.~~2~~3 Salary Equivalents

Any monthly, daily, or hourly rate of pay may be converted into any equivalent rate of pay or to any other time bases only when in the judgement of the City Manager, such a conversion is advisable. In determining equivalent amounts on different time bases the City shall provide tables or regulations for the calculation of payment for service of less than full-time, and for use in converting monthly salaries to hourly rates, as well as for calculating hourly rates.

15.~~3~~4 Salary Step After Military Leave

All employees who have been granted military leave, upon their return to the City service, are entitled to the automatic salary advancements within the range scale of the established wage schedule of their classifications for the period they were in the military service.

15.~~4~~5 Salary Step When Salary Range is Increased

Whenever the monthly schedule of compensation for a class is revised, each incumbent in a position to which the revised schedule applies shall be entitled to the step in the revised range which corresponds to the employee's step held in the previous range, unless otherwise specifically provided by the City Manager.

15.~~5~~6 Salary Step After Promotion or Demotion

When an employee is promoted from a position in one rank to a position in a higher rank and at the time of promotion is receiving a salary equal to, or greater than, the minimum rate for the higher rank, that employee shall be entitled to a step in the salary range of the higher rank which is at least five percent (5%) above the rate the employee has been receiving, except that the next step shall not exceed the maximum salary of the higher rank. When an employee is demoted, whether such demotion is voluntary or otherwise, that employee's compensation shall be adjusted to the salary prescribed for the rank to which demoted.

15.~~6~~7 Salary on Reinstatement

If a former employee is reinstated in the same position previously held or to one carrying a similar salary range, his salary shall not be higher than his salary at the time his separation unless there has been an increase within the salary range.

15.~~7~~8 Acting Pay

Any employee who is assigned in writing to work in a higher paid classification and who performs a majority of the duties of that higher position, shall receive the rate of pay in a step of the higher classification which would have been received if the employee had been promoted into that classification.

15.~~8~~9 Special Assignment Pay

The City Manager may approve additional compensation in an amount up to but not to exceed ninety percent (90%) of the department director's salary when an employee is assigned, in writing, by the department director and with the approval of the City Manager, to perform additional duties and responsibilities for the duration of the special assignment.

15.~~9~~10 Compensation Review

~~Should the salary survey found in section 15.10 Market Salary Survey of the Stockton Police Officers' Association (SPOA) Memorandum of Understanding result in a change to the overall compensation relationship between the Stockton Police Management Association (SPMA) rank of Lieutenant and the SPOA rank~~

~~of Sergeant, the City will adjust the total compensation of SPMA members so the job classes do not fall below a disparity level of~~ no less than ten percent (10%) ~~of subordinate classes. The adjustment will occur on the same date that the SPOA adjustment becomes effective.~~

~~For the term of the MOU, should there be a change in the overall compensation relationship between the SPMA rank of Lieutenant and the SPOA rank of Sergeant as defined in Section 15.910, the parties shall meet and discuss.~~

[MODIFICATION FROM SIDE LETTER 2011 RE: REGARDING CONCESSIONS.]

SECTION 16. SEPARABILITY OF PROVISIONS

In the event that any provisions of this Memorandum of Understanding are declared by the court of competent jurisdiction to be illegal or unenforceable, that provision of the Memorandum of Understanding shall be null and void but such nullification shall not affect any other provisions of this Memorandum of Understanding, all of which other provisions shall remain in full force and effect.

SECTION 17. PAST PRACTICES AND EXISTING MEMORANDA OF UNDERSTANDING

Continuance of working conditions and practices not specifically authorized by ordinance or by resolution of the City Council is not guaranteed by this Memorandum of Understanding.

SECTION 18. SCOPE OF AGREEMENT

Except as otherwise specifically provided herein, this Memorandum of Understanding fully and completely incorporates the understanding of the parties hereto and constitutes the sole and entire agreement between the parties on any and all matters subject to meeting and conferring. ~~Neither party shall, during the term of this Memorandum of Understanding, demand any change therein nor shall either party be required to negotiate with respect to any matter; provided that nothing herein shall prohibit the parties from changing the terms of this Memorandum of Understanding by mutual agreement.~~

SECTION 19. DURATION OF AGREEMENT

This Memorandum of Understanding shall be effective July 1, ~~2006~~ **2012**, and shall remain in full force and effect to and including the 30th day of June 2010 **2013.**, ~~and shall continue thereafter from year to year unless at least sixty (60) days prior to the expiration date of June 30, 2010, either party shall file written notice with the other of its desire to amend, modify, or terminate this Memorandum of Understanding.~~

SECTION 20. MAINTENANCE OF OPERATIONS

(a) It is recognized that the need for continued and uninterrupted operation of City services is of paramount importance. Therefore, the Association and each employee represented thereby agrees ~~that from 12:01 a.m. of July 1, 2006, through~~

~~and inclusive of June 30, 2010, the Association or any person acting in its behalf, or each employee in a classification represented by the Association shall~~ to not cause, authorize, engage in, encourage, or sanction a work stoppage, slowdown, refusal of overtime work, refusal to operate designated equipment (provided such equipment is safe and sound), or picketing other than informational picketing, against the City or the individual or concerted failure to report for duty or abstinence from the full and faithful performance of the duties of employment, including compliance with the request of another labor organization or bargaining unit to engage in such activity in an attempt to induce a change in wages, hours and other terms and conditions of employment.

(b) An employee shall not be entitled to any wages or City paid benefits whatsoever if the City Council, by majority vote, determines to its satisfaction, that the employee is, or has, engaged in any activity prohibited by subsection (a) of this section. The City may take other action that it deems appropriate.

(c) If the City Council, by majority vote, determines to its satisfaction, that subsection (a) of this section has been violated by the Association, the City may take such remedial action as it deems appropriate.

(d) The Association recognizes the duty and obligation of its representatives and members to comply with the provisions toward inducing all employees in this unit to fully and faithfully perform their duties. In the event of any activity prohibited by subsection (a) hereinabove, the Association agrees to take supererogatory steps necessary to assure compliance with this Memorandum of Understanding.

~~APPENDIX "A"~~

~~Job Classifications~~			
~~Position Title~~	**~~Position No.~~**	**~~Unit~~**	**~~Grade~~**
~~Police Captain~~	~~07110~~	~~MP~~	~~07B~~
~~Police Lieutenant~~	~~07190~~	~~MP~~	~~07C~~

~~SALARY ADJUSTMENTS FROM JULY 1, 2005 THROUGH DECEMBER 31, 2005~~

~~The City shall provide a salary adjustment to the rates of pay for all classifications in the aforementioned representation unit in the amount of five percent (5.0%) for the period of July 1, 2005 through December 31, 2005.~~

~~SALARY ADJUSTMENTS FOR FISCAL YEARS 2007, 2008, AND 2009~~

~~Effective July 1, 2007, July 1, 2008, and July 1, 2009, the Salary Schedule shall provide salary rates according to the following formula:~~

~~Salary adjustments effective July 1, 2007, July 1, 2008 or Market Salary Survey in reference to section 15.10 of Stockton Police Officers' Association ("SPOA") Memorandum of Understanding, whichever is greater, and July 1, 2009, shall be equal to the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers U.S. City Average (CPI-W) for the 12-month period preceding the May Index of each fiscal year. The salary adjustments shall be a minimum of two and one-half percent (2.5%) but not to exceed six percent (6.0%). (For example, CPI-W of nine percent (9.0%) would result in a six percent (6.0%) adjustment, and a CPI-W of two percent (2.0%) would result in a two and one-half (2.5%) adjustment.)~~

AB 506 LABOR MEDIATION PROPOSAL

MEMORANDUM OF UNDERSTANDING

CITY OF STOCKTON
STOCKTON POLICE OFFICERS' ASSOCIATION

TERM OF AGREEMENT
JULY 1, ~~2005~~2012 through JUNE 30, ~~2010~~2013

(As amended by Stockton City Council on ~~July 10, 2007~~)

AB 506 LABOR MEDIATION PROPOSAL

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PREAMBLE

The Stockton Police Officers' Association and representatives of the City of Stockton have met and conferred in good faith regarding wages, hours and other terms and conditions of employment of employees in the representation unit identified in Section 1, have exchanged freely information, opinions and proposals and have endeavored to reach agreement on all matters relating to the employment conditions and employer-employee relations of employees in the Police Unit.

This Memorandum of Understanding is entered into pursuant to the Meyers-Milias Brown Act (Government Code Sections 3500-3511) and has been jointly prepared by the parties.

This Memorandum of Understanding shall be presented to the Stockton City Council as the recommendations of the undersigned for salary and employee benefit adjustments for the period commencing ~~July 1, 2005~~ **July 1, 2012** through ~~June 30, 2010~~ **June 30, 2013**.

AB 506 LABOR MEDIATION PROPOSAL

SECTION 1. RECOGNITION

1.1 City Recognition

The City Manager or any person or organization duly authorized by the City Manager, is the representative of the City of Stockton, hereinafter referred to as the "City" in employer-employee relations as provided in Resolution No. 32,538, adopted by the City Council on August 4, 1975.

1.2 Association Recognition

The Stockton Police Officers' Association, hereinafter referred to as the "Association" is the recognized employee organization for the Police Officers' Unit, certified pursuant to Resolution No. 32,548, adopted by the City Council on August 11, 1975.

AB 506 LABOR MEDIATION PROPOSAL

SECTION 2. ASSOCIATION SECURITY

2.1 Dues Deduction

(a) General. The Association may have the regular dues of its members within the representation unit deducted from employees' paychecks under procedures prescribed by the City for such deductions. The Association has the exclusive privilege of dues deduction for its members.

Payroll deductions shall be for a specified amount and consistent for all employee members of the Association, and shall not include fines, fees and/or assessments.

Authorization, cancellation or modification of payroll deduction shall be made upon forms provided or approved by the City. The payroll deduction authorization shall remain in effect until canceled or modified by the employee by written notice to the City or until the first day of the calendar month following the transfer of the employee to a unit represented by another employee organization as the representative of the unit to which the employee is assigned, or until employment with the City is terminated.

Amounts deducted and withheld by the City shall be transmitted to the officer designated in writing by the Association as the person authorized to receive such funds, at the address specified.

In addition to the deduction of dues, the City will deduct from the paychecks of Association members who request it, deductions authorized and sponsored by the Association. Such deductions shall be made from either or both of the semi-monthly paychecks and only upon signed authorization from the employee upon a form satisfactory to the City. Such authorizations may be made or changed no more frequently than twice yearly. Such deductions shall be payable to the Association who is responsible for distribution to sponsored programs. The employee's earnings must be sufficient after all other required deductions are made, to cover the amount of the deductions herein authorized. When an employee is in a non-pay status for an entire pay period, no withholdings will be made to cover that pay period from future earnings nor will the employee deposit the amount with the City which would have been withheld if the employee had been in pay status during the period. In the case of an employee who is in a non-pay status during a part of the period, and the salary is not sufficient to cover the full withholding, no deduction shall be made. In this connection, all other required deductions have priority over the employee organization deduction.

(b) Indemnity and Refund. The Association shall indemnify, defend and hold the City harmless against any claim made and against any suit initiated against the City on account of check off of Association dues or premiums for benefits. In addition, the Association shall refund to the City any amounts paid to it in error upon presentation of supporting evidence.

2.2 Use of City Facilities

(a) The Association shall be allowed by the City department in which it represents employees' use of space on available bulletin boards for communications having to do with official Association business, such as times and places of meetings, provided such use does not interfere with the needs of the department.

(b) Any representative of the Association shall give notice to the department head or his/her designated representative when contacting department employees on City facilities during the duty period of the employees, provided that solicitation for membership or other internal Association business shall be conducted during the non-duty hours of all employees concerned. Prearrangement for routine contact may be made with ~~individual department heads~~ **the Police Chief** and when made shall continue until revoked by the **Chief** ~~department head~~.

(c) City buildings and other facilities may be made available for use by City employees of the Association or their representatives in accordance with such administrative procedures as may be established by the City Manager or department heads concerned.

2.3 Attendance at Meetings by Employees/~~Release Time Bank~~/Association Release Time

(a) ~~Attendance at Meetings by Employees~~ **Release Time Related to Meet and Confer.** City employees who are official representatives ~~or unit representatives~~ of the Association shall be given reasonable time off with pay**, in accordance with MMBA,** to attend meetings with City management representatives~~, or be present at City hearings~~ where matters within the scope of representation or grievances **related to this unit** are being considered.

The use of ~~official~~ **release** time for this purpose shall be reasonable and shall not interfere with the performance of City services as determined by the City. Such employee representatives shall submit a request for excused absence to their department head, in a manner satisfactory prior to the scheduled meeting whenever possible. The number of employees excused for **release time related to meeting with City management on**

meet and confer and grievance matters ~~such purposes~~ shall not exceed ~~five (5)~~ **three (3), except by mutual agreement.**

~~(b) Release Time Bank. For release time not covered under Section 2.3 (a), employees may voluntarily donate any or all of their compensatory time balance to an hours-bank reserved for use by Association elected officers, board members, and/or designated Association members for release time. Release time must be approved, in advance, by the employee's supervisor, but charged to the hour's bank than the employee's leave balance.~~

~~(c) Indemnity. The Association shall indemnify, defend, and hold the City harmless against any claim made and against any suit initiated against the City on account of the release time bank.~~

~~(d) Association Release Time. The City shall allocate to the Association a minimum of four hundred (400) hours each year for the purpose of disbursing release time to official representatives or unit representatives of the Association to attend Association business not normally covered under this section, such as seminars, conferences, and training. The Association shall manage and monitor the distribution of Association Release Time, which is not to exceed a total of four hundred (400) hours each year.~~

~~The Association shall notify the City, in writing, the specific purpose of Association Release Time for official representatives or unit representatives and the hours of annual leave expended. The release time must be approved in advance.~~

~~The Association shall submit a cashier check to the City in the amount equal to the Association representative's hourly rate of pay, multiplied by the annual leave hours expended for Association business. The City, upon receipt of cashier check, shall reimburse the Association representative's annual leave balance expended for Association business in the form of hours.~~

AB 506 LABOR MEDIATION PROPOSAL

SECTION 3. COMPLIANCE WITH LOCAL, STATE & FEDERAL LAWS

3.1 ~~The City and the Association agree that there shall be no discrimination of any kind because of race, creed, color, religion, national origin, sex, political affiliation or legitimate Association activity against any employee or applicant for employment, and to the extent prohibited by applicable State and Federal law there shall be no discrimination because of age.~~

The City and the Association agree that there shall be no discrimination of any kind against any employee or applicant for employment because of age (over 40), race, color, religion, national origin (ancestry), veterans status, physical or mental disability, marital status, sexual orientation, sex (sexual, gender based, pregnancy/childbirth), political affiliation, legitimate Association activity, or any other protected trait as determined by federal, state and/or local law.

3.2 The Association shall cooperate with the City in the objectives of **Equal Employment Opportunities** ~~Affirmative Action~~ as required by law.

3.3 Fair Labor Standards Act. The Association shall cooperate with the City in the objectives of the Fair Labor Standards Act.

AB 506 LABOR MEDIATION PROPOSAL

SECTION 4. PROBATIONARY PERIOD

4.1 Purpose

The probationary period shall be utilized for closely observing the employee's work, for securing the most effective adjustment of a new employee to his/her position, and for eliminating any probationary employee whose performance does not meet the required standards of work.

4.2 Original Entrance Positions

The City agrees that it shall adhere to all applicable City Ordinances, State and Federal laws relating to the employment of Police Officers, including standards established by the Peace Officers' Standards and Training Division of the California Department of Justice.

All original entrance positions shall be tentative and subject to a probationary period of eighteen (18) months. The probationary period for entrance positions shall not be extended.

4.3 Promotional Positions

All promotional police appointments shall be ~~tentative and~~ subject to a probationary period of twelve (12) months. The probationary period for police promotional positions shall not be extended.

4.4 Retention/Rejection of Probationer

The Director of Human Resources shall notify the appointing authority at least four (4) weeks prior to the termination of any probationary period. At the end of the probationary period, if the service of the probationary employee has been satisfactory to the appointing authority, then the appointing authority shall file with the Director of Human Resources a statement in writing to such effect and stating that the retention of such employee in the service is desired.

During the probationary period an employee may be rejected at any time by the appointing authority. Any employee rejected during the probationary period following a promotional appointment, shall be reinstated to the position from which he/she was promoted unless charges are filed and he/she is discharged in the manner provided in the City Charter Article XXXII Section 9, Civil Service Ordinance and Civil Service Rules.

4.5 Probationer Advanced To Higher Rank

Any promotional probationary police employee who is advanced to a higher classification or is appointed to the rank of Chief of Police or Deputy Chief of Police shall receive credit towards his promotional probationary period for the lower rank while serving in the higher probationary or appointive rank.

4.6 Promotional Hiring

Promotional hiring lists shall be in accordance with the rule of ten (10) eligible candidates per list.

AB 506 LABOR MEDIATION PROPOSAL

SECTION 5. LAYOFF

5.1 Layoff

Any employee may be laid off by an appointing authority in the event of the abolition of his position by the City Council, or if a shortage of work or funds requires a reduction in personnel.

5.2 Layoff Scope

(a) Layoffs shall be within departments of the City.

(b) The departments of the City are defined as follows:

(1) Administrative Services
(2) City Attorney
(3) City Auditor
(4) City Clerk
(5) City Manager
(6) Community Development
(7) Fire
(8) Housing and Redevelopment
(9) Human Resources
(10) Library Services
(11) Municipal Utilities
(12) Parks and Recreation
(13) Police
(14) Public Works

5.3 Notice of Layoff

The City will give advance written notice of at least one pay period to employees who will be laid off.

5.4 Precedence by Employment Status

No permanent employee shall be laid off while employees working in an extra help, seasonal, temporary, provisional, or probationary status are retained in the same classification as such permanent employee. The order of layoff among employees not having permanent status shall be according to the following categories:

a. Extra help or seasonal
b. Provisional
c. Temporary
d. Probationary

Layoffs shall be by job classification according to service in that class, except as specified above. For the purpose of this procedure, part-time classes shall be considered as separate from regular full-time classes.

The following provisions shall apply in computing total continuous service:

(a) Time spent on military leave shall count as service in the event the leave was taken subsequent to entry in the department.

(b) Time worked in an extra help, seasonal, provisional, temporary, grant or other limited term status shall not count as service.

(c) Time worked in a permanent or probationary status shall count as service.

If two (2) or more employees have the same seniority, **the order of seniority shall be determined by the employees' examination results and ranking on the same eligibility list upon which the employees' were subsequently hired.** ~~most recent performance evaluation shall determine seniority.~~

5.5 Employee Options

Employees laid off shall have any of the following choices:

(a) Displacing the employee in the same department and in the same or clearly comparable classification as determined by the Director of Human Resources as having the least seniority in that classification. This option shall be exercised before any other option.

(b) Taking a voluntary demotion within the department to a classification in which the employee had prior permanent status, thus displacing the employee working in that classification who has the least seniority in that classification. The voluntary demotee's seniority in the classification to which demoted shall be determined by the demotee's dates of hire in the lower classification.

AB 506 LABOR MEDIATION PROPOSAL

SECTION 6. REEMPLOYMENT/REINSTATEMENT

6.1 Reemployment

When an employee in the classified service who has been performing his duties in a satisfactory manner, as shown by the records of the department in which he has been employed, is laid off because of lack of funds or abolition of his/her position or has been on authorized leave of absence and is ready to report for duty when a position is open, the Commission shall cause the name of such employee to be placed on reemployment list for the appropriate class for reemployment within two (2) years thereafter when vacancies occur. **An employee who waives reemployment shall have his/her name removed from the reemployment list, unless mutually agreed to by the Department and employee.**

The order in which names shall be placed on the reemployment list for any class shall be by seniority, which means "last-laid off, first rehired".

In filling vacancies, eligibles on the reemployment lists take precedence over eligibles on any other list for the same rank in the department for which the lists apply.

6.2 Reinstatement on a Reemployment List

A permanent employee who has resigned in good standing may, with the recommendation of the **Police C**chief ~~of his department~~, the City Manager, and the ~~consent~~ **approval** of the Civil Service Commission, be restored to a reemployment list of the same class**ification upon as held upon resignation** ~~as his/her previous position~~ within a period of one (1) year from the effective date of his/her resignation.

AB 506 LABOR MEDIATION PROPOSAL

SECTION 7. DISCIPLINE

Disciplinary action, including discharge, suspension, reduction in pay, demotion, or other employment penalty may be taken against any employee for cause.

The appointing authority may discharge, suspend or demote any employee in the classified service provided the City Charter provisions and the Rules and Regulations of the Civil Service Commission and any applicable provisions of law are followed. Such provisions allow the employee suspended, demoted or discharged to file an appeal to the Civil Service Commission. The employee may take any one (1) of the following actions:

(a) File no appeal.

(b) File an appeal with the Civil Service Commission within ten (10) business days of written notification of the action. (Such filing will foreclose use of the grievance procedure.)

(c) File a grievance as provided for in Section 8 within ten (10) business days of written notification of the action, or fourteen (14) business days following the mailing of a written notice by first class mail to the employee's address contained in his/her official personnel records.

For purposes of this subsection "business day" means a day on which the Human Resources Department is open for business to the public.

If the employee fails to do (b) or (c) above within the prescribed time frames, these rights will have been waived.

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SECTION 8. GRIEVANCE PROCEDURES

8.1 Definition

A grievance is any dispute which involves the interpretation or application of those rules, regulations and resolutions which have been or may hereafter be, adopted by the City Council to govern personnel practices and working conditions, including such rules and regulations as may be adopted by either the City Council or the Civil Service Commission to affect Memoranda of Understanding which result from the meeting and conferring process.

8.2 Filing Deadline

No grievance involving demotion, suspension, discharge or other employment penalty will be entertained unless it is filed in writing with the Director of Human Resources within ten (10) business days of the date of receipt of written notification of such action, or within fourteen (14) business days following mailing of written notification by first class mail to the employee's address contained in his/her official personnel records.

For purposes of this subsection, "business day" shall mean a day on which the Human Resources Department is open for business to the public.

8.3 Grievance Processing

(a) Step 1 - Departmental Review. Any employee who believes that he/she has a grievance may discuss his complaint with such management official in the department in which he/she works as the department head may designate. If the issue is not resolved within the department within seven (7) business days from the day of presentation, or if the employee elects to submit his/her grievance directly to the Association recognized as the representative of his/her classification, the procedures hereinafter specified may be invoked.

(b) Step 2 - Director of Human Resources Review. Any employee or any official of the Association may notify the Director of Human Resources in writing that a grievance exists stating the particulars of the grievance and, if possible, the nature of the determination desired. The Director of Human Resources shall have fourteen (14) business days in which to investigate the issues, meet with the complainant and attempt to reach a satisfactory resolution of the problem. No grievance may be processed under the following two paragraphs which has not first been filed and investigated in accordance with this paragraph except for the resolution of compensation complaints.

(c) Step 3 - City Manager Review. Any grievance which has not been resolved by the procedures hereinabove set forth may be referred to the City Manager by the complainant or by the Director of Human Resources. Such referral shall be in writing, detailing the specific issues involved in the referral together with a statement of the resolution desired. The City Manager shall designate a personal representative who shall not be the Director of Human Resources to investigate the merits of the complaint to meet with the complainant and, if the complainant is not the Association, to meet also with the officials of the Association and to settle the grievance or to make recommendations to the City Manager.

Failure to complete this step within sixty (60) business days shall result in the grievance automatically proceeding to step four (4) of the grievance procedure.

~~(d) Step 4 - Adjustment Board. If the parties are unable to reach a mutually satisfactory accord on any grievance which arises and is presented during the term of this Memorandum of Understanding, such grievance shall be submitted to an Adjustment Board comprised of three (3) Association representatives, no more than one (1) of whom shall be either an employee of the City or an elected or appointed official of the Association and three (3) representatives of the City, no more than one (1) of whom shall be either an employee of the City or a member of the staff of any organization employed to represent the City in the meeting and conferring process~~.

~~(e)~~ **(d)** Step ~~5~~ **4** - Arbitration. ~~If an Adjustment Board is unable to arrive at a majority decision,~~ **E**either the Association or the City may require that the grievance be referred to an impartial arbitrator who shall be designated by mutual agreement between the Association and the City Manager. The fees and expenses of the arbitrator and of a court reporter shall be shared equally by the Association and the City. Each party, however, shall bear the cost of its own presentation, including preparation and post hearing briefs, if any.

~~(f)~~ **(e)** Effect of Decision. The decision of ~~Adjustment Boards and~~ the arbitrator on matters properly before ~~them~~ **him/her** shall be final and binding on the parties hereto except as provided otherwise herein.

8.4 Scope of Arbitration

No ~~Adjustment Board and no~~ arbitrator shall entertain, hear, decide or make recommendations on any dispute unless such dispute involves a position in a

unit represented by the Association and unless such dispute falls within the definition of a grievance as set forth in paragraph 8.1.

Proposals to add to or change this Memorandum of Understanding or written agreements or addenda supplementary hereto shall not be arbitrable and no proposal to modify, amend or terminate this Memorandum of Understanding, nor any matter or subject arising out of or in connection with such proposal, may be referred to arbitration under this Section. ~~Neither any Adjustment Board nor any~~ **No** arbitrator selected pursuant to this Section shall have the power to amend or modify this Memorandum of Understanding or written agreements or addenda supplementary hereto or to establish any new terms or conditions of employment.

No changes in this Memorandum of Understanding or interpretations thereof (except interpretations resulting from ~~Adjustment Board or~~ **the** arbitration proceedings hereunder) will be recognized unless agreed to by the City Manager and the Association.

8.5 Other Provisions

If the Director of Human Resources in pursuance of the procedures outlined above, or the City Manager in pursuance of the provisions outlined above resolve a grievance which involves suspension or discharge, they may agree to payment for lost time or to reinstatement with or without payment for lost time, but in the event the dispute is referred to arbitration and the arbitrator finds that the City had cause to take the action complained of, the arbitrator may not substitute his judgment for the judgment of management and if he finds that the City had such right, he may not order reinstatement and may not assess any penalty upon the City.

All complaints involving or concerning the payment of compensation shall be initially filed in writing with the City Manager. Only complaints which allege the employee is not being compensated in accordance with the provisions of this Memorandum of Understanding shall be considered as grievances. Any other matters of compensation are to be resolved in the meeting and conferring process and if not detailed in the Memorandum of Understanding which results from such meeting and conferring process shall be deemed withdrawn until the meeting and conferring process is next open for such decision. No adjustment shall be retroactive for more than thirty (30) days from the date upon which the complaint was filed.

The provisions of this Section shall not abridge any rights to which an employee may be entitled under the City Charter, nor shall it be administered in a manner

which would abrogate any power which, under the City Charter, may be within the sole province and discretion of the Civil Service Commission.

All grievances of employees in representation units represented by the Association shall be processed under this Section. If the City Charter requires that a differing option be available to the employee, no action under paragraph (d) ~~or (e)~~ of subsection 8.3 above shall be taken unless it is determined that the employee is not availing himself/**herself** of such option.

No action under paragraph (d) ~~or (e)~~ of subsection 8.3 above shall be taken if action on the complaint or grievance has been taken by the Civil Service Commission, or if the complaint or grievance is pending before the Civil Service Commission.

If any award by an ~~Adjustment Board or~~ arbitrator requires action by the City Council or the Civil Service Commission before it can be placed in effect, the City Manager and the Director of Human Resources will recommend to the City Council or the Civil Service Commission, as appropriate, that it follow such award.

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SECTION 9. LEAVES

9.1 Sick Leave

(a) Accrual. All regular employees, except provisional, temporary, and part-time employees, shall accrue sick leave at the rate of ~~ten (10)~~ **eight (8)** hours for each full month of service. All regular employees, except provisional, temporary and part-time employees, working less than a full month shall accrue sick leave on a prorated basis. Unused sick leave shall accumulate from year to year. Employees shall continue to accrue sick leave while off duty on authorized sick leave; provided, however, an employee shall not accrue sick leave during any leave or leaves of absence without pay granted to the employee.

(b) Usage. Employees are entitled to sick leave pay for those days, which the employee would normally have worked, to a maximum of sick leave hours accrued.

An employee may use sick leave for preventive medical, dental, optical care, illness, injury or exposure to contagious disease, which incapacitates him**/her** from performing his**/her** duties. This includes disabilities caused or contributed to by pregnancy, miscarriage, abortion, childbirth and recovery therefrom.

(c) Usage for Family. Employees may utilize **fifty percent (50%) of their annual accrued sick leave to attend to** ~~one (1) day of sick leave per month in the~~ case**s** of illness or injury in the employee's immediate family. ~~In addition, employees may utilize up to three (3) consecutive sick leave days once each calendar year for the aforesaid purpose.~~

For the purposes of this section immediate family is defined as the employee's parents, spouse, **registered domestic partner,** child, step child, **legal dependent,** brother, sister, mother-in-law, father-in-law, brother-in-law, sister-in-law, grandparent, and grandchild.

(d) Procedures for Requesting and Approving Sick Leave. When the requirement for sick leave is known to the employee in advance of his absence, the employee shall request authorization for such sick leave from the department head prior to such absence. In all other instances, the employee shall notify his supervisor as promptly as possible of his absence.

Before an employee may be paid for the use of accrued sick leave, he shall complete and submit to his department head a signed statement, on a prescribed form, stating the dates and hours of absence, the exact

reason, and such other information as is necessary for his request to be evaluated. If an employee does not return to work prior to the preparation of the payroll, other arrangements may be made with the approval of the department head.

(e) Doctor's Certificate or Other Proof. ~~If an employee's illness results in an absence from work for more than three (3) consecutive days, then a doctor's certificate or other reasonable proof of illness will be required by the department head.~~

The **Police Chief** ~~department head and~~ **or** the Director of Human Resources ~~may make such sick leave usage reviews and~~ may require **a doctor's certificate or other reasonable proof of illness** ~~such physician's documentation,~~ as **he/she** ~~they~~ deem necessary **in order for an employee to receive an excused absence from work and sick leave pay**. ~~to insure proper use of the sick leave benefit.~~ **The employee shall be given notice prior to returning to work that he or she will be required to provide such documentation. Employees who have unscheduled absences due to illness on a scheduled work day preceding or following a holiday may be required to bring a doctor's certificate or other reasonable proof of illness in order to receive an excused absence and sick leave pay.**

(f) Use of Sick Leave While on Vacation. An employee who is injured or who becomes ill while on vacation may be paid for sick leave in lieu of vacation provided that the employee:

(1) Was hospitalized during the period for which sick leave is claimed, or

(2) Received medical treatment or diagnosis and presents a statement indicating disabling illness or injury signed by a physician covering the period for which sick leave is claimed.

(g) Payment for Unused Sick Leave **for Employees Hired on or before June 30, 2011**. ~~Upon separation with ten (10) years or more of employment, or upon termination of employment by reason of death, service or disability retirement, the employee or the employee's estate will be paid fifty percent (50%) of the total unused sick leave at its current cash value.~~

Effective February 17, 2012, all sick leave shall have no cash value upon separation of employment and employees shall not be allowed to cash out unused sick leave. Employees shall be eligible for CalPERS service credit for unused sick leave at retirement based on

the PERS contract provisions in effect at the time of their hire.

9.2 Military Leave

An employee of the City who is a member of the National Guard or Naval Militia or a member of the Reserve Corps or force of the Federal Military, Naval, or Marine service and is ordered to duty shall be granted leave with pay while engaged therein, provided the leave does not exceed thirty (30) days in any calendar year.

All regular employees in the service of the City shall be allowed leave of absence without pay for the duration of a national emergency who have been inducted into the Army, Navy, Marine Corps, Air Force, or any other branch of the Military Service of the United States or the State of California. Said employees shall be reinstated in the position they held when they were inducted into Military Service, except as hereinafter stated, providing they are physically fit as shown by a medical examination by the City Physician or other physician appointed to make a medical examination.

In the case of a probationary employee having served his minimum probationary period of eighteen (18) months at the time of induction, it shall be optional with the department head and the City Manager to grant regular status to said employee before induction.

All probationary employees inducted into Military Service not having served the minimum probationary period of eighteen (18) months, or having served the minimum probationary period of eighteen (18) months, but not having received regular status shall be allowed leave of absence without pay for the duration of a national emergency, but said employees shall be placed at the head of the eligible list for such position in the order of their seniority of employment and when appointed to a vacant position, they must be physically fit as above specified and shall serve the balance of their probationary period before attaining the status of a regular employee.

Two or more regular employees granted military leave of absence without pay from the same position shall be reemployed according to their seniority of employment providing they are physically fit as above specified.

9.3 Court Appearance

Upon approval by the department head, an employee, other than a provisional or temporary employee, shall be permitted authorized absence from duty for appearance in court because of jury service, in obedience to subpoena or by direction of proper authority, in accordance with the following provisions:

(a) Said absence from duty will be **compensated for actual hours** ~~with full pay for each day~~ the employee serves on the jury or testifies as a witness in a criminal case, other than a defendant, including necessary travel time. As a condition of receiving such full pay, the employee must remit to the City Treasurer, through the employee's department head, within fifteen (15) days after receipt all fees received except those specifically allowed for mileage and expenses.

(b) Jury duty or witness duty appearances shall be considered in terms of **actual hours spent performing those duties.** ~~"whole days" (8 hours) or "half days" (4 hours) of service.~~ If an employee is not due to appear for jury duty or as a witness until afternoon court session, he**/she** will be expected to work his usual morning schedule. If an employee is required to appear for morning court session and is **released** ~~sent home~~ before noon and not required to return **to court** in the afternoon, he**/she shall** ~~will be expected to~~ work **the remainder of his/her** usual afternoon schedule.

(c) Said absence from duty will be without pay when the employee appears in private litigation to which the City of Stockton is not a party.

Any fees allowed, except for reimbursement of expenses incurred, shall be remitted to the City Treasurer through the employee's department head.

Notwithstanding the foregoing, attendance in court in connection with an employee's official duties or in behalf of the City of Stockton in connection with a case in which the City of Stockton is a party, together with travel time necessarily involved, shall not be considered absent from duty within the meaning of this Section.

9.4 Bereavement Leave

In the event of a death in the immediate family of an employee, ~~he~~ **the employee** shall, upon request be granted up to three (3) days bereavement leave with pay without charge to his**/her** accumulated sick leave credits or vacation eligibility. The City Manager may grant an additional ~~two (2)~~ **three (3)** days bereavement leave upon request which shall be charged against the employee's accumulated

sick leave credits in cases where extensive travel is required to attend the funeral.

For the purposes of this Section, the immediate family shall be restricted to the employee's parents, spouse, **registered domestic partner,** child, step child, brother, sister, mother-in-law, father-in-law, brother-in-law, sister-in-law, grandparent, and grandchild.

In the event of the death of a person not immediately related to an employee as defined above, the employee's department head may grant up to three (3) days bereavement leave upon request which shall be charged against the employee's accumulated sick leave credits.

9.5 Workers Compensation Leave

a. **Forms and Procedures. Workers' compensation processing shall be consistent with City procedures and in accordance with state workers' compensation regulations. An employee who sustains a work-related injury or illness shall immediately inform his/her supervisor no matter how minor an on-the-job injury may appear. An employee who sustains a work-related injury or illness is required to seek medical care at facilities designated by the City unless they have filed a pre-designation of personal physician prior to sustaining the work-related injury or illness. For a list of City designated medical care facilities and/or physicians, please contact Human Resources.**

9.6 Leave of Absence

Employees shall not be entitled to leaves of absence as a matter of right, but only in accordance with the provisions of law and the City of Stockton Municipal Code. Unless otherwise provided, the granting of a leave of absence also grants to the employee the right to return to a position in the same classification or equivalent classification, as the employee held at the time leave was granted. The granting of any leave of absence shall be based on the presumption that the employee intends to return to work upon the expiration of the leave.

All approval authority over leaves of absence exercised by the department head under this Section shall be subject to review by the City Manager, whose ruling shall be final.

Employees on authorized leaves of absence without pay shall not be entitled to payment by the City of the premiums for their health and dental insurance, except as provided hereinafter.

The entitlement to City payment of premiums shall end on the last day of the month in which the employee was paid except that employees on an authorized leave of absence may continue enrollment in the City health insurance plan by prepayment of the monthly premium during the authorized leave of absence.

Authorized absence without pay which exceeds thirty (30) consecutive calendar days, except military leave, shall not be included in determining salary adjustment rights, based on length of employment. Periods of time during which an employee is required to be absent from his/her position by reason of an injury or disease for which he/she is entitled to and currently receiving Workers' Compensation benefits shall be included in computing length of service for the purpose of determining that employee's salary adjustments.

9.7 Leave of Absence Without Pay

(a) Purpose and Length. Only employees occupying regular positions on a permanent basis are eligible for leaves of absence without pay under the provisions of this Section.

An appointing authority may grant a leave of absence without pay for personal reasons up to a maximum of twelve (12) months with approval of the Director of Human Resources.

Leaves of absence without pay on account of illness or injury which are not job-incurred may be granted for a maximum period of twelve (12) months with approval of the Director of Human Resources. This includes disabilities caused or contributed to by pregnancy, miscarriage, abortion, childbirth and recovery therefrom.

Such a leave will be granted only after all accrued sick credits have been used and shall be substantiated by a physician's statement.

(b) Application for and Approval of Leaves of Absence Without Pay. In order to receive leave without pay, an employee must submit a request on the prescribed form to his department head and the City Manager describing the reasons for the request and all other information required for the department head, or his representative, to evaluate the request. Leaves without pay may be canceled by the department head at any time.

9.8 Absence Without Leave

(a) Refusal of Leave or Failure to Return After Leave. Failure to report for duty or failure to report for duty after a leave of absence request has been disapproved revoked or canceled by the department head or City Manager

or at the expiration of a leave, shall be considered an absence without leave.

(b) Voluntary Resignation. Any employee of this bargaining unit absent without leave for two (2) or more consecutive days or absent an aggregate of either sixteen (16) hours or twenty (20) hours in any calendar month without a satisfactory explanation shall be deemed to have voluntarily re-signed from the City of Stockton except if the absence is due to a verified illness or injury.

9.9 Vacation Leave

(a) Vacation Allowance. All regular employees, excluding provisional, temporary and part-time employees shall accrue vacation leave with pay **bi-weekly** in accordance with the following schedule ~~(employees shall accrue vacation on a monthly basis)~~:

Less than 1-1/2 years continuous employment ..... 80 hours/year
After 1-1/2 years up to 7 1/2 years .....~~120~~ **108** hours/year
After 7-1/2 years up to 15 years..... ~~160~~ **144** hours/year
After 15 years up to 25 years..... ~~200~~ **189** hours/year

~~Eight (8)~~ **Seven (7)** additional hours hence for each completed year of service in excess of twenty-five (25) years.

(b) Vacation Accumulation. ~~An employee may be allowed to accumulate up to one hundred twenty (120) hours of vacation accrual in addition to the employee's regular vacation allowance for that calendar year. Whenever an employee's accumulation of vacation hours exceed the maximum vacation carryover provision, the equivalent number of hours that exceed the maximum vacation carryover hours shall be automatically credited to the employee's sick leave accumulation balance at the end of the calendar year. However, an employee may accrue unlimited vacation time in excess of the maximum allowance when such vacation accrues because of remaining in a pay status during periods of illness or injury which precluded liquidating vacation credits earned in excess of the maximum allowed.~~

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Effective July 1, 2012, the following maximum vacation accruals shall take effect. Employees reaching the maximum hours provided here shall stop accruing additional vacation hours until they are below the caps listed here. No vacation hours may be added to sick leave balances without exception.

For employees who on July 1, 2012 have vacation balances that exceed their maximum shall have until June 30, 2013 to use sufficient vacation to get under the maximum allowed. If an employee does not get below the maximum by June 30, 2013, they shall retain their existing earned vacation, but shall not earn any additional vacation until they are under the maximum vacation accrual allowed.

The maximum number of vacation hours that employees on a 40 hour workweek shall accrue are as follows:

Under 1.5 years	**120 hours**
1.5 – 7.5 years	**240 hours**
7.5 – 15 years	**280 hours**
15 – 25 years	**320 hours**
26 years	**328 hours**
27 years	**336 hours**
28 years	**344 hours**
29 years	**352 hours**
29 plus years	**7 hours each additional year**

(c) Vacation Schedule. The time at which employees shall be granted vacation leave shall be at the discretion of the department head with due regard for the wishes of the employee and needs of the City.

(d) Vacation Allowance for Separated Employees

(1) When an employee is separated from the service **between February 17, 2012 and July 1, 2014**, **the employee's** ~~his~~ remaining vacation allowance, if any, shall be ~~added to his final compensation.~~ **paid as follows**:

a. Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated vacation hours.

b. On the one year anniversary of employee's separation, he/shall shall receive the second payment of one third (1/3) or $10,000, whichever is greater of the balance of his/her unused accumulated vacation hours.

c. On the second year anniversary of employee's separation he/she shall receive payment for the balance of the unpaid accumulated vacation hours.

d. Employees who are involuntarily separated shall have their remaining vacation allowance, if any, added to his/her final compensation.

(2) An employee who has resigned in good standing and is subsequently reinstated within one (1) year from the date of his resignation shall have his prior service counted in determining eligibility for vacation benefits, deducting therefrom the amount of time between the date of resignation and the date of reinstatement which shall not be counted in determining eligibility.

(e) Vacation **Sellback** ~~Cash Payment Option~~. An **employee on a forty (40) hour workweek may sell back** ~~elect to receive cash payment for up to~~ a maximum of forty (40) hours of his/her **unused** accumulated vacation balance after the use of a scheduled vacation of forty (40) consecutive hours or more. This option may be exercised once per calendar year**, except during furlough or fiscal emergency periods**.

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SECTION 10. DAYS AND HOURS OF WORK

10.1 Regular Workweek

The normal workweek for Police Unit employees shall consist of five (5) eight (8) hour days or a minimum total of forty (40) hours. Where operational requirements of a department require deviations from the present schedule, the **Police Chief and/or** City Manager may institute alternate work schedules, consistent with provisions of the State Law.

10.2 Regular Workweek for Patrol

The work schedule for patrol is the current 4/10 work schedule. The Chief of Police **and/or City Manager** may **institute alternate work schedules consistent with provisions of the state law.** ~~change the start/finish time of a shift after providing written notification.~~

10.3 Meal Periods

Phase shift employees normally receive a one-half (1/2) hour meal with pay each day.

Other Police Unit employees will normally receive a one (1) hour meal period without pay.

10.4 Work Furloughs

(a) **48 Furlough Hours. Effective the pay period that includes July 1, 2012 through June 30, 2014, each employee shall take forty eight (48) unpaid furlough hours each fiscal year for a total of 96 hours (96) in accordance with (c) and (d) of this section. Effective July 1, 2014 furloughs shall be eliminated and this section 10.4 in its entirety shall be eliminated and inoperable.**

(b) **Equalized Payroll Deductions. For fiscal year 2012 – 2013 and fiscal year 2013 – 2014 payroll deductions for the forty eight (48) furlough hours described in section 10.4, paragraph (a) herein above shall be equalized so that each bargaining unit employee shall have two (2) hours (2.31%) at the employee's regular hourly rate of pay deducted from each of the twenty-four (24) pay warrants in each fiscal year.**

(c) **Furlough Bank. Forty eight (48) furlough hours in fiscal year 2012 – 2013 and again in fiscal year 2013 -2014 will be placed in a furlough bank. The furlough bank may be carried over from one fiscal year to the next. There shall be no cash value provided for any furlough**

hours.

(d) Use of Furlough Hours. All furlough leave shall be scheduled in advance with the employee's supervisor. Furlough hours must be scheduled and used prior to the date of separation.

(e) Separation from City Service before June 30, 2013. Any employee who separates from City service before the final four (4) hour furlough deduction on July 7, 2013 for the pay period ending June 30, 2013, and after having used furlough hours, shall have his or her final compensation reduced by the sum of the number of furlough hours the employee has actually used minus the number of furlough hours actually deducted from the employee's pay warrants multiplied by the employee's regular hourly rate of pay. Conversely, any employee who separates from City service before June 30, 2013, having suffered furlough deductions in excess of the actual number of furlough hours the employee has used, shall have his or her final compensation credited by like amount.

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SECTION 11. OVERTIME

11.1 Authorization

All compensable overtime must be authorized by the department head or **the department head's** ~~his~~ designated representative in advance of being worked. If prior authorization is not feasible because of emergency conditions a confirming authorization must be made on the next regular work day following the date which the overtime was worked.

11.2 Compensation

The following provisions pertaining to authorized **statutorily required** overtime work shall apply to **non FLSA exempt** ~~those~~ employees whose normal work period is eight (8) hours per day and forty (40) hours per week**, or (10) hours per day and forty (40) hours per week**:

(a) **Statutory overtime shall be paid on actual t**~~T~~ime worked in excess of forty (40) hours in any workweek**. Such overtime** shall be paid for at time and one-half (1-1/2) including employees employed on a per hour or per day basis or except as provided elsewhere herein.

(b) On a holiday observed by the City an employee shall be paid for a regular day plus time and one-half (1-1/2) for actual time worked.

11.3 Court Appearance Pay While in Off Duty Status

(a) An employee required by proper authority to appear in court during off-duty hours shall receive ~~a minimum~~ compensation of three (3) hours at time and one-half (1-1/2) or actual time worked at **the appropriate rate,** ~~time and one-half (1-1/2),~~ whichever is greater.

~~In the event such employee is required by proper authority to return to court during off-duty hours on the same day, such employee shall be compensated for a minimum of three (3) hours at time and one-half (1-1/2) or actual time worked at time and one-half (1-1/2), whichever is greater.~~

~~If court appearance is made in the morning and afternoon session on the same day, such employee shall be compensated for a minimum of, in addition to the above, one (1) hour at time and one-half (1-1/2).~~

(b) Voluntary Court Standby

Police Unit employees who voluntarily place themselves on standby for court appearance while off duty shall receive one (1) hour of pay

at the regular rate for the four (4) hours of standby for the a.m. and, if required to remain on standby, one (1) additional hour at the regular rate of pay for the additional four (4) hours of standby for the p.m.

11.4 Call-Back Policy

When an employee is called back to work from an off-duty status, the employee shall be compensated for a minimum of **2 hours and one-half hours (2.5)** ~~three (3) hours~~ at time and one-half (1-1/2) or actual time worked at time and one-half (1-1/2)**, if eligible for overtime as defined in Section 11.2, above**, whichever is greater.

~~**11.5 Compensation For Hirebacks**~~

~~Police Department employees who voluntarily fill a vacant position or a specially funded position, such as D.U.I., shall be paid at the rate of time and one-half (1-1/2) for all hours worked. Compensation for overtime worked under this Section shall be in cash and is specifically excluded from coverage under Section 11.6.~~

11.5 6 Compensatory Time

(a) Definition - As used in this Section, the term Compensatory Time refers to that time which an employee is entitled to be absent from duty with pay for hours worked in addition to or excess of their normal work schedule. Such time has previously been referred to as Earned Time.

(b) Accrual - For all hours in excess of forty (40) hours in a seven (7) day work period, for which the employee is in a paid status, the Association agrees that compensatory time shall be earned at the rate of time and one-half (1-1/2).

No more than eighty (80) hours (fifty-six and one-third hours [56-1/3]) worked at time and one-half (1-1/2) may be carried on the books at any time. When the time card is filled out, employees may elect to accrue Compensatory Time or be paid cash.

(c) Use - Use of Compensatory Time shall be scheduled with due consideration for the wishes of the employee and so as to not interfere with the normal operation of City business. Approval of requests for use of Compensatory Time shall be at the sole discretion of the department head, but once approved, cannot be changed unless an emergency situation arises.

(d) Payment - Once eighty (80) hours of Compensatory Time is accrued on the books, all other hours worked in excess of forty (40) hours in a seven

(7) day work period will automatically be paid. At the end of each calendar year, all Compensatory Time will be carried forward (forty (40) hours maximum), unless the employee elects to have the compensatory balance paid. Carryover Compensatory Time cannot exceed the forty (40) hours maximum.

11.6 ~~7~~ Standby Compensation

Employees who are placed on standby on Saturday or Sunday or their normal day off shall be paid at the rate of **$3.00 per hour** ~~one-third (1/3) day's pay at regular time~~ for each ~~twenty-four (24)~~ hour **on standby assignment.** ~~and time and one-half (1-1/2) for actual time worked during such assignment.~~ **An employee shall earn time and one-half (1-1/2) for all actual time worked while on standby duty status only if eligible for overtime as defined above. An employee shall not continue to receive the "standby" premium during actual time worked or for any hours paid as overtime or call back. Standby is not considered as time in "paid status because of work performed" for purposes of calculating overtime.**

~~Employees who are placed on standby on holidays observed by the City shall be paid at the rate of one-half (1/2) day's pay at regular time for each twenty-four (24) hours. , plus time and one-half (1-1/2) for actual time worked, and double time and one-half (2-1/2) for actual time worked in excess of eight (8) hours.~~

Employees who are placed on standby after their normal tour of a regular work day shall receive **$3.00 per hour for each hour of standby** ~~one (1) hour's pay and time and one-half (1-1/2) for actual time worked during such assignments.~~ **An employee shall earn time and one-half (1-1/2) for all actual time worked while on standby duty status only if eligible for overtime as defined above. An employee shall not continue to receive the "standby" premium during actual time worked or for any hours paid as overtime or call back. Standby is not considered as time in "paid status because of work performed" for purposes of calculating overtime.**

Employees who are placed on standby shall take a City vehicle and a beeper when required to stand by. The vehicle and beeper shall be turned in at the conclusion of each standby assignment.

While in such standby status employees shall leave with the Command Center a telephone number at which they can be reached. Such employees shall be within forty-five (45) minute response time availability to the Police Department.

11.7 No Simultaneous Add Pays

Employees shall not simultaneously receive compensation for court appearance, voluntary court standby, standby, or call back pay as noted in Section 11.3(a), 11.3(b), 11.4 or 11.6. Employees are eligible to receive overtime only in accordance with Section 11.2 above.

~~11.8~~ **~~Voluntary Court Standby~~**

~~Police Unit employees who voluntarily place themselves on standby for court appearance while off duty shall receive one (1) hour of pay at the regular rate for the a.m. and, if required to remain on standby, one (1) additional hour at the regular rate of pay for the p.m.~~

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SECTION 12. HOLIDAYS

12.1 Holiday Compensation

(a) All regular and probationary Police Unit employees shall receive, in addition to their normal compensation, one day's pay for each of the holidays listed ~~except for the employee's birthday~~.

(b) Police Unit employees required to work a holiday shall be compensated an additional day's pay at one and one-half (1-1/2) times the straight time rate. This compensation can be in the form of direct payment or compensatory time. Compensatory time overtime hours shall be limited to a maximum accumulation of eighty (80) hours at any point. Police Unit employees requesting payment for compensatory time shall, prior to July 1, each year, declare on a form provided by the City their intention to receive equivalent compensatory time for holidays which they may have to work.

(c) **Upon Separation**

When an employee is separated from the service between February 17, 2012 and July 1, 2014, the employee's remaining holiday allowance, if any, shall be paid as follows:

a. Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated holiday hours.

b. On the one year anniversary of employee's separation, he/shall shall receive the second payment of one third (1/3) or $10,000, whichever is greater of the balance of his/her unused accumulated holiday hours.

c. On the second year anniversary of employee's separation he/she shall receive payment for the balance of the unpaid accumulated holiday hours.

d. Employees who are involuntarily separated shall have their remaining holiday allowance, if any, added to his/her final compensation.

12.2 Holidays Observed by the City

~~(1) January 1 ..... New Year's Day~~
~~(2) Third Monday in January ..... Martin Luther King, Jr. Birthday~~

~~(3) Second Monday in February ..... Lincoln's Birthday~~
~~(4) Third Monday in February ..... Washington's Birthday~~
~~(5) March 31 ..... Cesar Chavez' Birthday~~
~~(6) Last Monday in May ..... Memorial Day~~
~~(7) July 4 ..... Independence Day~~
~~(8) First Monday in September ..... Labor Day~~
~~(9) Second Monday in October ..... Columbus Day~~
~~(10) November 11 ..... Veteran's Day~~
~~(11) Fourth Thursday in November ..... Thanksgiving~~
~~(12) Fourth Friday in November ..... Day after Thanksgiving~~
~~(13) December 25 ..... Christmas Day~~
~~(14) ..... Employee's Birthday~~

Employees shall receive the following holidays on full pay not to exceed eight (8) hours for any one (1) holiday, unless otherwise provided in this section.

(1) New Years Day ..... (January 1)
(2) Martin Luther King's Birthday ..... (Third Monday in January)
(3) Lincoln's Birthday ..... (Second Monday in February)
(4) Washington's Birthday ..... (Third Monday in February)
(5) Cesar Chavez' Day ..... (March 31)
(6) Memorial Day ..... (Last Monday in May)
(7) Independence Day ..... (July 4)
(8) Labor Day ..... (First Monday in September)
(9) Columbus Day ..... (Second Monday in October)
(10) Veteran's Day ..... (November 11)
(11) Thanksgiving ..... (Fourth Thursday in November)
(12) Day following Thanksgiving ..... (Fourth Friday in November)
(13) Christmas Day ..... (December 25)
(14) ..... Employee's Birthday

~~In addition, a day appointed by the President or Governor as a public holiday shall be observed by the City.~~

~~The department head with due consideration for the wishes of the employee and the needs of the department may authorize the birthday to be taken within fifteen (15) calendar days of the employee's actual birth date.~~

For employees on a Monday through Friday workweek, if holidays fall on a Sunday, the following Monday shall be observed. If holidays fall on Saturday, the preceding Friday shall be observed.

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SECTION 13. COMPENSATION AND ALLOWANCES OTHER THAN BASE SALARY

13.1 Retirement Contribution Supplement

(a) The City contributes **an amount equal to** nine percent (9%) of the employee's current base salary and other compensation as qualified by State law toward P.E.R.S. ~~(effective October 1, 1984)~~ **benefits**. Such amounts will be applied to the employee's individual account in accordance with Government Code Section ~~20615~~ **20691**.

(b) The City will make application to P.E.R.S. to provide California Government Code section 20692 (Employer Paid Member Contributions Converted to Payrate during the Final Compensation Period) as an additional P.E.R.S. benefit, to be effective upon adoption by the Stockton City Council and the P.E.R.S. Administration Board. The Internal Revenue Service (IRS) Code 414H(2), whereby employee contributions shall be tax deferred (not subject to taxation until time of constructive receipt) will be concurrently implemented with P.E.R.S. California Government Code section 20692.

At the beginning of employee's last year of employment, such employee shall pay their employees' nine percent (9%) retirement contribution through an automatic payroll deduction. The City shall increase the employee's base salary by the same nine percent (9%) for the last twelve (12) months of employment.

(c) Effective August 1, 2011, employees hired on or before July 1, 2012 shall pay nine percent (9%) of the employee's current base salary (employee contribution) and other compensation as qualified by state law towards the Public Employees' Retirement System (PERS) towards the employee's share of cost for PERS pension on a post-tax basis in the form of a payroll deduction.

(d) ~~(c)~~ Non Sworn Police Officer Trainee. The City and the Association agree that employees hired into the Non Sworn Police Officer Trainee classification shall be members of the "local miscellaneous" retirement plan rather than the "local safety" retirement plan.

The ~~City will~~ **employee shall** contribute seven percent (7%) of the employee's current base salary and other compensation as qualified by State law toward the P.E.R.S. Local Miscellaneous Members Plan. Such amounts will be applied to the employee's individual account in accordance with Government Code section ~~20615~~ **20691**.

Upon satisfactory completion of basic recruit training, the Non Sworn Police Officer Trainee (Local Miscellaneous Member) shall be transferred to Sworn Police Officer (Local Safety Member).

13.2 Military Service Credit

The City shall provide for military service pursuant to the provisions of Government Code Section **21024, formerly Section** 20930.3 and Section 20930.33, at the employee's expense.

~~**13.3 P.E.R.S. Credit for Professional Growth (Earned Time)**~~

~~(a) For any bargaining unit member whose retirement date is later than December 31, 1993, all pay provided to that employee as a sell-back of Professional Growth (Earned Time) shall be reported by the City to the Public Employees' Retirement System as a part of the "final compensation" that P.E.R.S. is to use to determine the amount of that employee's retirement allowance.~~

~~(b) In no event shall this increment to "final compensation" consist of more than a one (1) year of Professional Growth (Earned Time).~~

13.3~~4~~ P.E.R.S. Fourth Level Of 1959 Survivor Benefits

The City ~~will make application to~~ provide**s** P.E.R.S. California Government Code section 21574 (Fourth Level of 1959 Survivor Benefits) as an additional retirement benefit, to be effective upon adoption by the Stockton City Council and the P.E.R.S. Administration Board.

13.4~~5~~ P.E.R.S. 3% At Age 50 Retirement for Employees Hired on or before July 1, 2012

On July 21, 2000, the City made application to PERS to provide P.E.R.S. California Government Code section 21362.2 (3% at age 50) as an amendment retirement benefit, to be effective upon adoption by the Stockton City Council and the P.E.R.S. Administration Board.

13.5 P.E.R.S. Benefits for Unit Employees hired on or after July 1, 2012

The City will contract with PERS to provide a new second tier retirement program of 3% at 55 with three year average salary formula and no other additional PERS enhanced benefits except for those statutorily required for employees hired on or after July 1, 2012 or as soon as administratively possible. Effective July 1, 2012, all employees shall pay 9% of the employees' current base salary towards the employee's contribution

towards PERS and any other compensation as qualified by state law towards PERS retirement benefits through a payroll deduction.

13.6 Uniform Allowance

(a) Employees in this unit shall receive as additional annual compensation, a uniform allowance ~~each calendar year~~ in the amount of ~~one thousand four hundred dollars ($1,400.00)~~ **nine hundred fifty dollars ($950.00)** effective ~~January 2005~~ **July 1, 2012.**~~; one thousand five hundred dollars ($1,500.00) effective January 1, 2006; one thousand six hundred dollars ($1,600.00) effective January 1, 2007; one thousand seven hundred dollars ($1,700.00) effective January 1, 2008; one thousand eight hundred dollars ($1,800.00) effective January 1, 2009; and one thousand nine hundred dollars ($1,900.00) effective January 1, 2010.~~

Payment shall be made in two equal installments of one-half (1/2) of the annual value of uniform allowance to eligible employees during the months of April and October.

(b) Protective Vests - The City shall provide safety protective vest and annual testing by lot number.

~~**13.7 Legal Defense Fund**~~

~~The City shall contribute to Stockton Police Officers' Association not to exceed the amount of Two Dollars and No Cents ($2.00) per month per member for the purchase of legal defense insurance.~~

13.78 P.O.S.T. Incentive Pay

(a) The City will pay three percent (3%) of the Police Officer top salary step for employees who attain an Intermediate P.O.S.T. Certificate and six percent (6%) of the Police Officer top salary step for employees who attain an Advanced P.O.S.T. Certificate.

(b) Effective January 1, 1999, the City will pay three percent (3%) of the Police Sergeant top salary step for employees who attain an Intermediate P.O.S.T. Certificate, and six percent (6%) of the Police Sergeant top salary step for employees who attain an Advanced P.O.S.T. Certificate.

(c) The Personnel and Training Division of the Police Department will submit the appropriate paperwork to the Human Resources Services Department confirming and authorizing P.O.S.T. Educational Incentive Pay for eligible employees.

Compensation shall be effective the first of the month following the date of eligibility for the certificate.

~~13.9 Educational Incentive Pay~~

~~In accordance with the City Manager's Administrative Directive, HR-031 dated June 1, 1992, employees with degrees/diplomas above and beyond that which is required of their position shall be provided three percent (3%) of the top step of the position, effective January 1, 1994. Employees are limited to no more than three percent (3%) regardless of the number of degrees/diplomas above that required of the position. If the employee promotes to a position, which matches his or her diploma/degree, the three percent (3%) will no longer be paid. Experience may not substitute for education. Other formal education/training programs may substitute for the actual degree/diploma.~~

~~Employees in a classification requiring a Masters degree, those employees who possess double Masters will be eligible for three percent (3%) education incentive pay.~~

13.8~~10~~ Longevity Increment Pay for Police Officer for Grandfathered Employees Only

Effective August 1, 2011, Longevity Increment Pay for Police Officer shall be eliminated, Those members who were receiving Longevity Increment Pay as of July 31, 2011, shall be grandfathered, and effective August 1, 2011 their Longevity Increment Pay shall be reduced by 5% and shall remain frozen at that level and no additional increments shall be earned, as described herein.

~~The Longevity Increment shall be effective the first pay period following the anniversary date of hire of the employee as follows:~~

(a) **For those members who as of July 31, 2011 were receiving** ~~The City will pay~~ five percent (5%) of top salary step in rank for longevity, upon completion of six (6) continuous years of service as a public safety officer with the Stockton Police Department, **effective August 1, 2011 those members shall no longer receive longevity increment pay. This longevity increment pay shall remain frozen at this level and no additional increments shall be earned.**

(b) **For those members who as of July 31, 2011 were receiving** ~~The City will pay~~ seven percent (7%) of top salary step in rank for longevity, upon completion of nine (9) continuous year of service as a public safety officer with the Stockton Police Department, **effective August 1, 2011 the City shall pay two percent (2%) of top salary step in rank for longevity**

pay. This longevity increment pay shall remain frozen at this level and no additional increments shall be earned.

(c) **For those members who as of July 31, 2011 were receiving** ~~The City will pay~~ twelve percent (12%) of top salary step in rank for longevity, upon completion of twelve (12) continuous years of service as a public safety officer with the Stockton Police Department, **effective August 1, 2011 the City shall pay seven percent (7%) of top salary step in rank for longevity pay. This longevity increment pay shall remain frozen at this level and no additional increments shall be earned**.

(d) **For those members who as of July 31, 2011 were receiving** ~~The City will pay~~ fourteen percent (14%) of top salary step in rank for longevity, upon completion of eighteen (18) continuous years of service as a public safety officer with the Stockton Police Department, **effective August 1, 2011 the City shall pay nine percent (9%) of top salary step in rank for longevity pay. This longevity increment pay shall remain frozen at this level and no additional increments shall be earned**.

(e) **For those members who as of July 31, 2011 were receiving** ~~The City will pay~~ nineteen percent (19%) of top salary step in rank for longevity, upon completion of twenty-four (24) continuous years of service as a public safety officer with the Stockton Police Department, **effective August 1, 2011 the City shall pay fourteen percent (14%) of top salary step in rank for longevity pay. This longevity increment pay shall remain frozen at this level and no additional increments shall be earned**.

(f) For the limited purpose of defining continuous service under this Section of the Memorandum of Understanding, continuous service shall include leaves without pay for less than one (1) year as long as the public safety officer did not withdraw the his or her contributions to P.E.R.S.

(g) **Effective June 30, 2012, Section 13.8(a) through (f) are eliminated and shall be replaced effective July 1, 2012, with the following provisions:**

1) **Employees who attained fifteen (15) years of continuous service prior to August 1, 2011 shall receive the new grandfathered tier one rate of one and a quarter percent (1.25%) of top salary step for longevity.**

2) **Employees who attained twenty-two (22) years of continuous service prior to August 1, 2011 shall receive the new**

grandfathered tier two rate of four point three seven percent (4.37%) of top salary step for longevity.

(h) Effective June 30, 2013, Section 13.8(a) through 13.8(g) are eliminated and becomes inoperable and are eliminated for all grandfathered employees receiving longevity per this section.

~~13.11 Longevity Increment Pay For Police Sergeant~~

~~The City will pay five percent (5%) of top salary step in rank for longevity, effective the first pay period following the anniversary date of completion of fifteen (15) continuous years of service with the Stockton Police Department and upon placement at step 6 of the Sergeant's pay schedule.~~

~~13.12 Payment for Unused Sick Leave~~

~~Upon separation with ten (10) years or more of employment, or upon termination of employment by reason of death, service or disability retirement, the employee or the employee's estate will be paid fifty percent (50%) of the total unused sick leave at its current cash value.~~

~~13.13 Deferred Compensation~~

Note: Language from September 10, 2007 Side Letter noted in BOLD below.

~~Each employee in this unit shall receive a City paid deferred compensation contribution. The City paid contribution shall be in addition to the employee's voluntary deferred compensation contributions. Participants shall receive this benefit during employment with the City of Stockton and generally cannot withdraw the funds until retirement or service termination.~~

~~(a) Effective January 1, 1999, the City will provide, in addition to regular salary, a contribution of two percent (2%) of the employee's current base salary toward the City's deferred compensation plan, to expand the employee's retirement benefit allowance.~~

~~(b) Effective January 1, 2000, the City will provide, in addition to regular salary, an additional contribution of one percent (1%) of the employee's current base salary for a total of three percent (3%) toward the City's deferred compensation plan, to expand the employee's retirement benefit allowance.~~

~~(c) Effective January 1, 2001, the City will reduce the deferred compensation contribution two percent (2%) of the employee's current base salary.~~

~~(d) Effective January 1, 2002, the City will provide, in addition to regular salary, an additional contribution of one percent (1%) for a total of three percent (3%) toward the City's deferred compensation plan, to expand the employee's retirement benefit allowance.~~

~~(e) Effective January 1, 2003, the City will provide, in addition to regular salary, an additional contribution of one percent (1%) for a total of four percent (4%) toward the City's deferred compensation plan, to expand the employee's retirement benefit allowance.~~

~~(f) Effective~~ **~~with the first pay period for~~** ~~July 1, 2007,~~ **~~or as soon thereafter upon the establishment of the Retiree Medical Trust, the City paid contribution of~~** ~~the City's contribution to the Deferred Compensation Plan will be reduced from four percent (4.0%)~~ **~~of the employee's current base salary to the Deferred Compensation Plan shall be reduced by $108.36 per month per unit member: (Refer to Sections 14.4 C.1. and 14.4 C.2. of this Agreement regarding City monthly contributions of $108.36 per unit member towards the Retiree Medical Trust).~~** ~~to two percent (2.0%) of the unit member's base salary. (Refer to Section 14.4 C. 1. regarding City contributions to the Retiree Medical Trust.)~~

13.9~~14~~Canine Handler Compensation

Employees assigned canine responsibilities shall be paid a maximum of ten (10) hours per month, at the rate of one and one-half (1-1/2) time. Compensation shall be for time spent by officers on their off-duty time to feed and exercise the dog and to clean the kennel.

13.10~~15~~Motorcycle Officer Compensation

Employees assigned motorcycle responsibilities shall be paid a maximum of ~~eight (8)~~ **three and one-half (3.5)** hours per month, at the rate of one and one-half (1-1/2) time. Compensation shall be for the time spent by officers on their off-duty time to clean, wax and generally maintain their assigned motorcycles.

13.11~~16~~Explosive Ordinance Disposal Compensation

Effective July 1, 2005, the pay for unit members assigned to EOD shall be paid a maximum of five (5) hours per month at the rate of one and one-half (1-1/2) time.

13.12~~17~~SWAT Compensation

Effective July 1, 2005, the pay for unit members assigned to SWAT shall be paid a maximum of ~~five (5)~~ **three and one-half (3.5)** hours per month at the rate of one and one-half (1-1/2) time.

13.13~~18~~ Field Training Officer Compensation

Effective July 1, 2005, the pay for unit members assigned to Field Training Officer shall be five percent (5.0%) of the top salary step of rank.

~~**13.19 Equestrian Officer Compensation**~~

~~Effective April 1, 2004, employees assigned to perform equestrian responsibilities shall be paid two-hundred dollars ($200.00) per month for food, routine veterinary care, and general maintenance costs of animal, and shall be paid ten (10) hours per month, at the rate of one and one-half (1-1/2) time, for time spent on off-duty time for the care, maintenance, and training of animal. The City shall assume all associated costs of up to five-thousand dollars ($5,000.00), if an animal suffers injury or death while on-duty and performing assigned duties.~~

~~**13.20 Master Officer Program**~~

~~Master Officer Program – Purpose, Pay, And Certification~~

~~Effective July 1, 2005, the City will implement a Master Officer Program. The purpose of the Master Officer Program is to provide additional career opportunities, and to provide the Department with officers that have a broader base of experience and skill sets. A Master Officer shall receive special departmental certificate of recognition in addition to the supplemental pay.~~

~~Master Officer Pay will be five percent (5.0%) of the top salary step of rank.~~

~~Eligibility~~

~~To be eligible for Master Officer Certification, a unit member must meet the following minimum qualifications:~~

- ~~At least 5 years of patrol work;~~
- ~~Advanced POST Training Certificate;~~
- ~~At least six (6) years of service in at least two (2) of the following specialties for a minimum period of 18-months each to the extent these specialties continue: Bicycle, Canine, CNT, CPO, DUI, EOD, FTO,GSET, Lodi One, PIO, Range master, SJRTD, SRO, STOP, SWAT, VCST, Traffic~~

~~Unit, (Mobile Field Force effective July 1, 2006), and other full-time assignments approved in writing by the Chief of Police; except that service in Homicide, CASA, Narcotics, Vice, and Burglary shall count for all six (6) years of the requirement;~~

~~The service in a specialty must be satisfactory as determined by the Chief; and a year of concurrent service in two (2) or more of the areas can only count as one (1) year of service.~~

~~Continuation Of Certification~~

~~Master Officer Certification is a privilege and distinction, not a right. Therefore, to continue Master Officer Certification, a unit member must maintain at least satisfactory departmental service as reflected in various performance evaluations, as finally approved by the Chief. Failure to maintain at least satisfactory status will automatically result in the loss of the Master Officer Certification.~~

13.14~~21~~Bilingual Pay

Effective July 1, 2005, the pay for qualified and approved bilingual skill will be two and one-half percent (2.5%) of the top salary step of rank.

To be eligible for this differential pay, an officer must be certified to meet the functional needs of the Department. The Chief of Police has the sole discretion in determining the number of officers needed for bilingual services, the languages that will be recognized, and the functional language skills needed for the Department.

13.15~~22~~Acting Pay

Any employee who is assigned by proper authority to work in a higher paid classification and who performs a majority of the duties of that higher position shall receive that rate of pay in a step of the higher classification which would have been received if the employee had been promoted into that classification.

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SECTION 14. INSURANCE PLANS

14.1 Health Insurance And Related Benefits

a. Choice of Health Plans. Employees in this bargaining unit shall have a choice of enrolling themselves and their eligible dependents in any of the City sponsored medical, dental and vision plans. Each plan shall offer an Employee only, Employee plus One and Employee plus two or more dependents coverage. The City shall offer two or more medical plans to regular employees.

b. Eligibility. Employees shall become eligible for Medical insurance on the first day of the month subsequent to completion of thirty (30) days of continuous service with the City. Employees shall become eligible for Dental insurance on the first day of the month subsequent to completion of sixty (60) days continuous service with the City. An eligible employee and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/registered domestic partner or another eligible City employee, but not both. If an employee is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee plan (i.e., an employee and his or her dependent cannot be covered by more than one City-offered health plan).

c. City Contribution Towards the Cost of Insurance Programs. Effective September 1, 2011:

(1) The City shall contribute up to $481.00 per month toward the cost of the monthly premium for employee-only medical/dental/vision plan coverage.

(2) The City shall contribute up to $875.00 per month toward the cost of the monthly premium for employee plus one dependent medical/dental/vision plan coverage.

(3) The City shall contribute up to $1165.00 per month toward the cost of the monthly premium for employee plus two or more dependents medical/dental/vision plan coverage.

These contributions are based on full-time employment; regular part-time employees shall receive a prorated contribution based on their percentage of full-time employment. Insurance plan premiums that exceed the City's monthly contribution shall be paid by the employee

through payroll deductions. The City shall maintain its IRS 125 Plan to allow for employee contributions for medical/vision/dental to be pre-tax premium conversion.

d. **Plan Rules. Employees may insure themselves and their eligible dependents under the medical/vision and dental plans provided by the City, in accordance with the rules and regulations applicable to the selected Plan. Benefits in the Plan shall be in accordance with the Plan document.**

e. **Plan design changes to the City's Modified Plan for employees are effective September 1, 2011.**

~~14.1 Health Insurance and Related Benefits for Active Employees~~

~~A. The City will provide for hospitalization, medical, dental/orthodontic, prescription and vision benefits. Effective upon agreement, the City will contribute all premiums necessary for these benefits for the term of this Memorandum of Understanding. Effective November 1, 1993, the medical plan for active employees is the City's Modified Employee Medical Plan ("Plan") which is summarized on Appendix B attached hereto.~~

~~The Plan utilizes a Preferred Provider Organization ("PPO") network for hospitals, physicians, laboratories, and other medical providers; the PPO network for the City shall be Blue Cross (Prudent Buyer).~~

~~Employees shall become eligible for hospitalization and medical care benefits on the first day of the month subsequent to completion of thirty (30) days continuous service with the City.~~

~~Effective January 1, 1993, the City will also provide for hospitalization, medical, dental/orthodontic, prescription and vision benefits to the surviving spouse and children of an officer killed in the line of duty. These benefits shall discontinue upon the remarriage of the officer's surviving spouse. This medical coverage shall be secondary at age sixty-five (65).~~

~~B. **Employee** Medical Insurance **Contribution** Effective **July 1, 2009**January 1, 2006~~

~~**FROM SIDE LETTER:** Each employee shall contribute one hundred dollars ($100.00) monthly, via payroll deduction, authorized by the employee in writing, towards the monthly health insurance cost (hospitalization, medical, dental, prescription, and vision). The City shall pay the balance of the monthly cost.~~

f. ~~City Employees may opt out of the City's health care plan only if covered by another health care plan.~~ **Employees who opt out may purchase either dental coverage or vision coverage, or both, and pay the approved tiered rate for such coverage, as set forth in Attachment B to this Agreement. Health care benefit rates are subject to change annually.**

~~Effective January 1, 2006, and each year of this Agreement, the City shall contribute eighty percent (80%) of any increase associated with the monthly health insurance premium (hospitalization, medical, dental, prescription and vision). The unit member shall contribute the remaining twenty percent (20%) of the monthly premiums increase, up to a maximum of one percent (1.0%) of top salary step for Police Officer.~~

~~C. Dental~~

~~The City shall pay the annual dental maximum benefit of one thousand four hundred dollars ($1,400.00).~~

~~Employees shall become eligible for dental care benefits on the first day of the month subsequent to completion of sixty (60) days continuous service with the City.~~

~~D. Orthodontic~~

~~The City shall pay the orthodontic lifetime maximum benefit of two thousand dollars ($2,000.00).~~

~~E. If it is the decision of the Union to select other than the present carrier(s) for any of the above benefits, the City shall continue its contribution amount limited to and not to exceed that for its current designated plan. Insured retirees shall be assigned to the carrier(s) selected. The retirees will move to the Modified Employee Medical Plan, effective July 1, 1994.~~

14.2 Retirement Medical Allowance

a. Eligibility.

An eligible retiree and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/registered domestic partner or another eligible City employee/retiree, but not both. If an employee/retiree is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee or retiree's plan (i.e., a retiree and his or her dependent cannot be

covered by more than one City-offered health plan). The City does not provide any retiree medical program, allowance, or City contribution for employees hired on or after July 1, 2011.

b. City Contribution for the Period of July 1, 2012 – June 30, 2013.

Effective July 1, 2012, for employees hired on or before June 30, 2011, at retirement only, the City shall provide to employees retiring from the City the following contribution towards the costs of retiree medical insurance for the period of July 1, 2012 – June 30, 2013.

1. Employees retiring with over 10 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $150 a month towards the cost of retiree medical insurance.

2. Employees retiring with over 20 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $300 a month towards the cost of retiree medical insurance.

3. Employees retiring with over 30 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $450 a month towards the cost of retiree medical insurance.

4. Employees with less than 10 years of service for the City shall not be eligible for a city contribution towards retiree medical and may not be enrolled in the City sponsored plans.

5. Benefits for part time employees who retire are prorated based on their full time equivalent.

6. The City contributions shall end with the death of the retiree and no survivor benefits are provided.

7. Retirees who are enrolled in city-sponsored plans may not enroll their eligible dependents at their own expense.

c. Elimination of Retiree Medical Program effective June 30, 2013

Effective June 30, 2013, the City shall no longer provide a contribution towards the cost of retiree medical insurance for current employees (future retirees) and current retiree. Retirees shall not be

eligible to participate in the City's medical plans.

~~14.2 Retiree Medical Benefit Allowance For Unit Members Employed Before July 1, 2007~~

~~A. Eligibility For Retiree Medical Benefit Allowance Until Age 65~~

~~Subject to the provisions of this Section, effective April 1, 1983, the City shall pay a premium for the purpose of providing hospital-medical and prescription benefits under the City's insurance plans for each City employee employed before July 1, 2007, who has retired. Such coverage shall include one (1) eligible dependent and the following provisions shall apply:~~

~~1. Normal Service Retirement. Eligibility for the allowance provided by this Section is limited to employees employed before July 1, 2007, who have retired subsequent to October 1, 1980, and who have retired at age fifty (50) or later. Such allowance shall terminate at age sixty-five (65) or at the age when eligible for Medicare, whichever occurs later.~~

~~2. Disability Retirement. Eligibility for the allowance provided by this Section is limited to employees employed before July 1, 2007, who have retired subsequent to October 1, 1980, and such allowance shall be limited to a maximum of fifteen (15) years or the attainment of age sixty-five (65), whichever occurs first.~~

~~B. Supplemental Retiree Medical Benefit Allowance And Coordination With Medicare After Age 65~~

~~An employee retiring on or after August 1, 1998, and eligible for a retiree medical insurance allowance as provided in this section, shall continue to be eligible to participate in the City's medical plan for retired employee and one (1) eligible dependent when both persons reach age sixty-five (65) or at the age when eligible for Medicare, whichever occurs later. The City's retiree medical insurance plan shall be supplemental and secondary to Medicare medical coverage or any other medical benefit coverage available to the retired employee and eligible dependent.~~

~~Each retired employee and each spouse are required by the City to apply for Medicare Part A and Part B coverage and to accept Medicare coverage if eligible, upon reaching age sixty-five (65) or the age of eligibility for Medicare, whichever occurs later. Those retiring after July 1, 2006, who must pay a premium to Medicare in order to obtain Part A coverage, will be reimbursed by the City for their Medicare Part A~~

premium. The City's medical coverage shall continue on a coordinated basis with the City as a secondary payer after Medicare pays as the primary provider.

There may be occasions when paying the premium cost for Medicare Part A may not be in the City's best interest or the retiree may not be eligible. If such circumstances exist, the City's supplemental medical plan would then be the primary coverage plan.

The City reserves the right to terminate reimbursement payments for Part A Medicare coverage, in which event the retiree will receive the City's modified medical plan as the primary health coverage, with the premiums for such coverage to be paid by the City. The coverage provided pursuant to this section shall apply to the retiree and his/her spouse.

C. Major Medical Deductible

Effective July 1, 1994, the major medical deductible will be one hundred and fifty dollars ($150.00) per person per calendar year.

D. Amount Of Retiree Medical Benefit Allowance For Unit Members Employed Before July 1, 2007, And Who Retire Before July 1, 2012

The amount of the retiree medical insurance allowance for unit members employed before July 1, 2007, and who retire before July 1, 2012, shall consist of the full entitlement under the above Sections 14.2 (A) and (B).

E. Limit On City's Retiree Medical Benefit Allowance For Unit Members Employed Before July 1, 2007, Who Retire After June 30, 2012, And Subsidy Of Premiums From Trust

1. Limit On City's Allowance After June 30, 2012

Unit members employed before July 1, 2007, and who retire after June 30, 2012, will receive from the City a retiree medical insurance allowance limited to the cost of the medical insurance premium as of June 30, 2012.

Notwithstanding the expiration date of June 30, 2010 for this Agreement, the parties agree that the City's contribution for healthcare premiums shall be capped effective July 1, 2012, and shall not increase. Any cost increase in healthcare premiums

~~effective July 1, 2012, shall be the responsibility of the member and/or retiree electing healthcare coverage through the City.~~

~~2. Premium Subsidy~~

~~However, those individuals employed before July 1, 2007, who retire after June 30, 2012, will be eligible for retiree medical insurance premium subsidies payable to the City's health plan from the Retiree Medical Trust Fund, as set forth below in subsection 14.4.~~

14.3 Alternative Retirement Medical Plans

The parties have negotiated that employees may choose to enroll in one or more additional health plans instead of the City Modified Plan (including but not limited to Kaiser Sr. Advantage).

This language sets forth the conditions in which current employees, when they retire from the City and otherwise qualify for a retiree medical benefit from the City as stated in Sections 14.2 and 14.4 of this MOU, may also choose to enroll in City sponsored alternative plans in the same manner as when they were employees, as well as retiree only medical plans. The following conditions shall apply:

(a) If an employee is in a City sponsored alternative plan at the time of retirement, the employee shall be allowed to continue in that Plan. Employees in the union sponsored plans authorized by the City at the time of retirement shall be allowed to continue in that Plan (Operating Engineers units). Employees not in an alternative Plan at the time of retirement shall not be allowed to enroll in any alternative plan except that; any retiree may voluntarily enroll in a City sponsored retiree only Plan.

A retiree may only enroll in alternative plans other than the City Modified Plan when:

(a) The retiree selecting plans other than the City's Modified Plan must agree that the City's financial contribution to a premium payment for any other Plan shall not exceed the current contribution amount the City would pay if the retiree is enrolled in the City Modified Plan, and;

(b) The individual retirees will be required to sign a form that indicates their agreement with these conditions.

The City reserves the right to eliminate these additional plans and the choice of multiple plans is not a vested right. Like the City Modified Plan, the City reserves the right to make plan design changes as necessary in these Alternative Plans.

14.4 Medicare Supplemental Coverage Requirements only for Employees hired on or before June 30, 2011

The City reserves the right to terminate reimbursement payments for Part A Medicare coverage, in which event the retiree will receive the City's modified medical plan which includes medical design changes effective September 1, 2011 as the primary health coverage, with the premiums for such coverage to be paid by the City. The coverage provided pursuant to this section shall apply to the retiree and his/her spouse.

Under the federal Health Care Reform Plan, sponsors may modify the medical benefits provided to retirees only. The City will modify its retiree health care plan to reflect the following:

(a) Return Plan benefits for Acupuncture to 12 visits per year (instead of unlimited) and returns the payment percentage paid to 60% (instead of 80%);
(b) Return Plan benefits for Alcohol and Drug Treatment admissions to 30 days and 3 lifetime admissions (instead of unlimited);
(c) Return Plan benefits for Outpatient Mental Health or Nervous Disorder services to 15 visit maximum (instead of unlimited);
(d) Change Plan benefits for Preventative care and wellness to 80% instead of current 100%;
(e) Return Plan benefits on the lifetime cap on plan benefits to $2.5 million (instead of unlimited);
(f) Return Plan benefits on the maximum age of dependent children to be enrolled in the Plan to age 19 unmarried, and not serving in the armed forces to 23 if attending school full time and qualifies as a dependent for federal income tax purposes.(instead of age 26);
(g) Change Plan benefits for Emergency room benefits.

~~14.3 Defined Contribution For Retiree Medical For Unit Members Hired On Or After July 1, 2007~~

Note: Language from September 10, 2007 Side Letter noted in BOLD below.

~~For unit members hired on or after July 1, 2007, the City will establish a defined contribution for retiree medical that operates through a Retiree Medical Trust ("Trust").~~

~~**City monthly contribution of $108.63 for each unit member, and an** employee contribution of **$162.56.** three (3.0%) percent of the base salary, and a City contribution of two (2.0%) percent of base salary. The contributions will be paid into the Retiree Medical Trust. Provisions for the distributions of premium subsidies from the Trust are contained in Section 14.4.~~

~~These unit members will not be eligible for either the regular Retiree Medical Allowance (to age 65) or the Supplemental Allowance (after age 65) as set forth in Section 14.2 of this Agreement.~~

~~**14.45 No Retirement Medical Allowance Requirements**~~

~~14.4 Retiree Medical Trust~~

~~A. Establishment Of Retiree Medical Trust~~

~~As soon as practicable, the City will establish a Retiree Medical Trust ("Trust") that will be governed by Trustees selected by the unit members and the City for purposes of receiving employee and City contributions, and for paying a monthly distribution to the City's health plan to subsidize premiums on behalf of eligible retirees retiring after June 30, 2012.~~

~~B. Tax Issues~~

~~The City will seek an IRS ruling so that employee and City contributions will be pre-tax, including the contribution of employee accrued sick leave pay-off. The City will also seek tax-exempt status for the Trust's earnings and the benefits paid from the Trust.~~

~~C. Required Contributions To The Retiree Medical Trust~~

Note: Language from September 10, 2007 Side Letter noted in BOLD below.

~~1. Contributions To The Trust For Unit Members Hired Before July 1, 2007, Regardless Of Retirement Date~~

~~For purpose of this section, "base salary" as defined in this paragraph shall refer to the top salary step for a Police Officer.~~

~~Effective with the first pay period for July 2007, or as soon thereafter upon establishment of the Trust, the City will contribute two percent (2.0%) of the June 30, 2007 base salary, or $108.37~~**~~6~~** ~~**per month**, into the Trust for each unit member hired prior to July 1, 2007, and the employee **will** shall contribute an additional one percent (1.0%) of the June 30, 2007 base salary, or $54.19~~**~~8 per month~~**~~, for a total City and employee **monthly** contribution of **$162.54** three percent (3.0%) into the Trust, with an increase each fiscal year based on the May Consumer Price Index ("CPI") for Urban Wage Earners' and Clerical Workers' U.S. City Average. The CPI shall be a minimum of two and one-half percent (2.5%); and a maximum of six percent (6.0%).~~

~~(Refer to changes made in Section 13.13**(f)** "Deferred Compensation"~~ ~~**of this Agreement** regarding **City paid contribution to the Deferred Compensation Plan of four percent (4%) of the employee's current base salary shall be reduced by $108.36 per month per unit member.)** the reduction of the City's contribution by two percent (2.0%).)~~

~~2. Contributions To The Trust For Unit Members Hired On Or After July 1, 2007~~

Note: Language from September 10, 2007 Side Letter noted in BOLD below.

~~For purpose of this section, "base salary" as defined in this paragraph shall refer to the top salary step for a Police Officer.~~

~~As required by Section 14.3 and effective with the first pay period for July 2007, or as soon thereafter upon establishment of the Trust, the City will contribute **$108.36 per month** two percent (2.0%) of the June 30, 2007 base salary, or $108.37, into the Trust for each unit member hired on or after July 1, 2007, and the employee shall contribute an additional three percent (3.0%) of the June 30, 2007 base salary, or $162.56 **per month**, for a total City and employee contribution of **$270.92** five percent (5.0%) into the Trust, with an increase each fiscal year based on the May Consumer Price Index ("CPI") for Urban Wage Earners' and Clerical Workers' U.S. City Average. The CPI shall be a minimum of two and one-half percent (2.5%); and a maximum of six percent (6.0%).~~

D. Distributions From The Trust To Subsidize Retiree Medical Benefit Premiums

Beginning July 1, 2012, the Trust will make monthly distributions payable to the City's health plan on behalf of eligible retirees to subsidize the retiree premiums for City medical insurance.

1. Distribution For Those Hired Before July 1, 2007, And Retiring After June 30, 2012

For unit members hired before July 1, 2007, who retire after June 30, 2012, the amount of any distribution will be determined solely by the amount of the funds available to actuarially support the distribution, and maintain an actuarially sound fund balance. This distribution will vary to some extent with each retiree depending on:

- the time of retirement;
- the amount of the individual's contributions to the Trust; and
- the funds' actuarial status.

The Board of Trustees will establish the amount of the monthly distribution that will be expressed as a percentage of the individual retiree's premium cost above the City's base payment. The Board's goal will be to keep those percentages within a ten percent (10%) range of each other.

For example, suppose in 2015 that the total premium cost is $1,500 per month and the City's base payment is $1,000 of that total, and the monthly distribution to individual retiree A is $250; then the Trust's distribution percentage is 50% of A's premium cost above the City's base. ($250 is 50% of the difference between the $1500 and the $1,000.) Suppose also that retiree B's monthly distribution from the Trust is $225, or 45% of B's premium cost above the City's base. ($225 is 45% of the difference between $1,500 and $1,000.) The Trust's distributions to A and B are within the 10% band of each other when reduced to percentages (B's 45% is within a 10% range of A's 50%).

2. Distribution For Unit Members Hired After July 1, 2007

For unit members hired after July 1, 2007, the amount of any distribution will depend entirely on the amount of the employee and City contributions.

E. Non-Vesting

The amount of the distribution is not a vested right under any circumstances. A distribution level may be reduced, discontinued, or interrupted by the Board of Trustees upon determination of insufficient funds to support the current level of distributions. Under no circumstances may the Trust reduce the distribution below a monthly amount that can be supported actuarially by the employee's mandatory contributions.

F. Eligibility For Trust Distributions

Unit members hired before July 1, 2007, who retire before July 1, 2012, are not eligible for distributions from the Retiree Medical Trust.

To be eligible for any monthly distribution from the employer's contribution to the Trust, a unit member must have retired after June 30, 2012, must have made contributions to the Trust while employed. In addition, for those employed after July 1, 2007, eligibility shall include at least fifteen (15) consecutive years of City service, which includes time credited under City reemployment rights.

Upon leaving the service of the City without satisfying these criteria, the unit member will be eligible to receive in benefit only the amount of his or her employee contributions to the Trust plus interest, as reasonably calculated by the Trustees, toward reimbursement of premiums.

G. Trust Structure And Governance

There shall be eight (8) voting Trustees, four (4) elected by participating labor organizations and four (4) selected by participating employers, as follows:

1. The labor Trustees shall include three (3) elected by participating employees and one (1) designated by the Stockton Police Officers' Association.

2. The employer Trustees shall include the Director of Human Resources and the Chief Financial Officer of the City of Stockton, and two appointed by the City Manager of the City of Stockton, at least one (1) of whom shall be an employee of the City of Stockton. The City Manager shall have the power to relinquish two (2) Trustee positions to other participating employers, by giving notice in writing to the Trustees.

The Board of Trustees will be responsible for all issues of governance

~~including plan design within parameters established by this MOU, the selection of the professional investment manager and other professional services, and the selection of investment vehicles. The Trustees shall manage the Trust for the exclusive benefit of the participating employees and retirees.~~

14.~~5~~6. Life Insurance

Effective ~~January 1, 2000~~ **July 1, 2012,** the City shall provide each employee group term life insurance coverage ~~equal~~ **with a face value of fifty thousand dollars ($50,000.00)** ~~their annual salary rounded to the nearest one thousand dollars ($1,000.00)~~.

14.67 Long Term Disability Insurance

~~Effective January 1, 1999, the City shall contribute to the Association the amount of twenty dollars ($20.00) per month per employee for the purpose of purchasing a Preferred Long Term Disability Program selected by the Association in lieu of providing long term disability coverage through the City's Long Term Disability Program.~~

Effective July 1, 2012, the City shall reduce the base pay of employees in this unit by twenty dollars ($20.00) per month, and instead shall provide to each bargaining unit member twenty dollars ($20.00) per month for the purpose of purchasing Long Term Disability Insurance. The Association recognizes and agrees that it is their responsibility for purchasing a Preferred Long Term Disability Program for its represented employees or otherwise investing such payments pursuant to this section as it deems appropriate.

~~Effective January 1, 1999, the amount of twenty dollars ($20.00) shall be converted to base pay for all represented employees as best fitted to the City's Salary Schedule Matrix.~~

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SECTION 15. SALARY PLAN

15.1 Salary

a. During the term of this agreement there shall be no salary increases. Effective July 1, 2012, salaries for classifications in this unit shall be as attached in Appendix A.

b. The Association agrees to relinquish and release any and all claims related to loss of wages, staffing changes, equipment changes and other changes terms and conditions of employment that resulted from or are related to the City's 2010 and 2011 emergency declarations and actions taken pursuant to those declarations prior to the effective date of this Agreement. The parties' agreement is set forth in full in Appendix C, attached.

15.~~1~~2 Salary Ranges

The salary ranges for all classifications in the aforementioned representation unit will be as set forth in Appendix A, which are attached hereto and made a part hereof. The rates of pay set forth in the Appendix A, represent for each classification the standard rate of pay for full-time employment, effective on the dates noted in the Appendices, unless the schedule specifically indicates otherwise.

15.~~2~~3 Salary Upon Appointment

Except as herein otherwise provided, the entrance salary step for a new employee entering the classified service shall be the minimum salary step for the class to which appointed. When circumstances warrant, the City Manager may approve an entrance salary, which is more than the minimum salary step for the class to which that employee is appointed. Such a salary may not be more than the maximum salary for the class to which that employee is appointed.

15.~~3~~4 Salary Equivalents

Any monthly, daily or hourly rate of pay may be converted into any equivalent rate of pay or to any other time bases when in the judgment of the City Manager, such a conversion is advisable. In determining equivalent amounts on different time bases, the City shall provide tables or regulations for the calculation of payment for service of less than full-time, and for use in converting monthly salaries to hourly rates, as well as for calculating hourly rates.

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15.45 Effective July 1, 2005 – Salary Step Plan – Police Officers Appointed On Or After January 1, 1999

There shall be nine (9) salary steps for the classification of Police Officer. There shall be six (6) salary steps for the classification of Police Sergeant.

In a case where a person possesses unusual qualifications, the City Manager may authorize appointment above the first salary step after receiving the recommendation of the department head. The same provisions shall apply to hourly-paid and part-time persons.

The first salary step shall be the minimum salary rate and shall be the normal hiring rate for the classification of Non-Sworn Police Officer Trainee.

The second salary step shall be paid upon the Trainee's passing all the requirement of the Basic Officer Academy and the transfer to Sworn Officer status.

The third salary step shall be paid upon the employee's satisfactory completion of six (6) months service at the second salary step and upon the written recommendation of the department head.

The fourth salary step shall be paid upon the employee's satisfactory completion of six (6) months service at the third salary step and upon the written recommendation of the department head.

The fifth salary step shall be paid upon the employee's satisfactory completion of six (6) months service at the fourth salary step and upon the recommendation of the department head.

The sixth salary step shall be paid upon the employee's satisfactory completion of one (1) year of service at the fifth salary step and upon the recommendation of the department head.

The seventh salary step shall be paid upon the employee's satisfactory completion of one (1) year of service at the sixth salary step and upon the recommendation of the of the department head.

The eighth salary step shall be paid upon the employee's satisfactory completion of one (1) year of service at the seventh salary step and upon the recommendation of the department head.

The ninth salary step shall be paid upon the employee's satisfactory completion of six (6) months of service at the eighth salary step and upon the recommendation of the department head.

Regardless of an employee's length of service, salary step advancements in any given class may be made upon recommendation of the department head with the approval of the City Manager, but not above Step 3 for a given range.

Salary step increases shall be effective the first day of the pay period following appointment or revision. If the date of appointment or revision is the first day of a pay period, salary step increases shall be as of that date.

If a department head recommends to withhold salary increases from salary steps two (2) through nine (9) because an employee has not achieved the level of performance required to the position, the recommendation of notice must be received by the City Manager at least four (4) weeks in advance of the employee's eligibility date. The affected employee shall be furnished a copy of the department head's recommendation.

Changes in an employee's salary because of promotion, demotion, postponement of salary step increase or special merit increase will set a new salary anniversary date for that employee, which date shall be as stated in the preceding paragraph.

Salary range adjustments for the classification will not set a new salary anniversary date for employees serving in that classification.

15.56 Salary Step Plan – Non-Sworn Police Officer Trainee Status

An employee with only the status of Non-Sworn Police Officer Trainee shall be paid at Step 1 of the salary range. Upon passing all the requirements of the Basic Peace Officer Academy and transfer to the sworn position of Police Officer, the employee shall be paid at Step 2 of the salary range of Police Officer. The Trainee shall not qualify for Safety status while in the Academy.

15.67 Salary Step After Military Leave

All employees who have been granted a military leave shall, upon their return to the City service, are entitled to the automatic salary advancements within the range scale of the established wage schedule of their classifications for the period they were in the military service.

15.78 Salary Step When Salary Range Is Increased

Whenever the monthly schedule of compensation for a class is revised, each incumbent in a position to which the revised schedule applies shall be entitled to the step in the revised range which corresponds to the employee's step held in the previous range, unless otherwise specifically provided by the City Manager.

15.89 Salary Step After Promotion or Demotion

When an employee is promoted from a position in one class to a position in a higher class, and at the time of promotion is receiving a salary equal to, or greater than, the minimum rate for the higher class, that employee shall be entitled to the next step in the salary scale of the higher class which is approximately five percent (5%) but in no case less than four percent (4%) above the rate he has been receiving, except that the next step shall not exceed the maximum salary of the higher class. When an employee is demoted, whether such demotion is voluntary or otherwise, that employee's compensation shall be adjusted to the salary prescribed for the class to which he is demoted, and the specific rate of pay within the range shall be final.

15.910Salary On Reinstatement

If a former employee is reinstated in the same position previously held or to one carrying a similar salary range, his salary shall not be higher than his salary at the time of his separation unless there has been an increase within the salary range.

~~**15.10 Market Salary Survey**~~

~~The City and the Association agree to conduct a joint "total compensation" survey of six (6) agencies above and six (6) agencies below the population of the City of Stockton, as determined by the most updated publication of the U.S. Bureau of the Census or a State of California Department of Finance publication, whichever is most current. The purpose of the survey shall be to determine the City's position among the agencies surveyed and enable the City to make such adjustments as may be necessary to bring the City to a position at the bottom of the top one-third (1/3) of agencies surveyed.~~

~~The first survey shall be applied January 1, 2006, as set forth in Appendix A. The second survey will be applied in conjunction with the July 1, 2008, salary adjustment listed in Appendix A.~~

~~The City and the Association agree to begin the joint total compensation survey on October 1, 2005, for the adjustment to be made effective January 1, 2006, and May 1, 2008, for the adjustment to be made effective July 1, 2008.~~

~~For purposes of the survey, "total compensation" shall consist of the top step of base salary for the position of Police Officer, plus the dollar equivalent value of the following benefits: City-paid employer and employee P.E.R.S. contributions; City-paid deferred compensation contributions; City-paid contributions to retiree medical for other than the pay-as-you go amount for current retiree (beginning with 2008 study); the City cost to provide the City health (employee + family~~

~~coverage), dental, vision, life insurance, long-term disability; City-paid uniform allowance, P.O.S.T. intermediate certificates, holidays, vacation, sick leave, educational incentive pay, longevity pay at sixth year of service, and any other specialty pay affecting 50% of the unit members. To the extent possible, comparisons with the surveyed agencies shall be made between like positions and benefits.~~

~~Application Method For Market Salary Survey July 1, 2008~~

~~Examples of how this provision shall be applied on July 1, 2008, is as follows: If the total compensation survey conducted in 2008 indicates that as of July 1, 2008, it would take an increase of five percent (5.0%) to bring total compensation (as defined in this section) to a position at the bottom of the top one-third (1/3) of the surveyed agencies, the Association's members would receive on July 1, 2008, a two and one-half percent (2.5%) increase as set forth in Appendix A based on the CPI percentage, plus an additional two and one-half percent (2.5%) increase as a result of this section. If, on the other hand, the total compensation survey conducted in 2008 indicates that as of July 1, 2008, it would take an increase of two percent (2.0%) to bring the total compensation figure to a position at the bottom of the top one-third (1/3) of the surveyed agencies, the Association's members would receive on July 1, 2008, a two and one-half percent (2.5%) increase as set forth in Appendix A based on the CPI percentage, but no additional increase as a result of this section.~~

~~All Market Salary Survey adjustments shall be calculated to the nearest one-tenth of one percent, and shall be made at the first step of the salary range for each classification covered by this Memorandum of Understanding~~

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SECTION 16. RESIDENCY

All sworn public safety officers in the employ of the City of Stockton shall reside within a geographic area from which they can reach **the Police Department** ~~City Hall~~ within forty-five (45) minutes.

SECTION 17. SEVERABILITY OF PROVISIONS

In the event that any provision of this Memorandum of Understanding is declared by a court of competent jurisdiction to be illegal or unenforceable, that provision of the Memorandum of Understanding shall be null and void but such nullification shall not affect any other provisions of this Memorandum of Understanding, all of which other provisions shall remain in full force and effect.

SECTION 18. PAST PRACTICES AND EXISTING MEMORANDA OF UNDERSTANDING

Continuance of working conditions and practices not specifically authorized by ordinance or by resolution of the City Council is not guaranteed by this Memorandum of Understanding.

This Memorandum of Understanding shall supersede all existing Memoranda of Understanding between the City and the Association.

SECTION 19. SCOPE OF AGREEMENT

Except as otherwise specifically provided herein this Memorandum of Understanding fully and completely incorporates the understanding of the parties hereto and constitutes the sole and entire agreement between the parties on any and all matters subject to meeting and conferring. ~~Neither party shall, during the term of this Memorandum of Understanding, demand any change therein nor shall either party be required to negotiate with respect to any matter; provided that nothing herein shall prohibit the parties from changing the terms of this Memorandum of Understanding by mutual agreement.~~

SECTION 20. DURATION

All provisions of this Memorandum of Understanding shall be effective July 1, **2012** ~~July 1, 2005~~, and shall remain in full force and effect to and including the 30th day of June, ~~2010~~ **2013.** ~~and shall continue thereafter from year to year unless at least sixty (60) days prior to the expiration date of June 30, 2010, either party shall file written notice with the other of its desire to amend, modify, or terminate this Memorandum of Understanding.~~

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SECTION 21. MAINTENANCE OF OPERATIONS

(a) It is recognized that the need for continued and uninterrupted operation of City services is of paramount importance. Therefore, the Association and each employee represented hereby agrees that during the course of negotiations necessary to conclude a successor Agreement to this Memorandum of Understanding, the Association or any person acting in its behalf, or each employee in a classification represented by the Association shall not cause, authorize, engage in, or sanction a work stoppage, slowdown, refusal of overtime work, refusal to operate designated equipment (provided such equipment is safe and sound), or picketing, other than informational picketing, against the City or the individual or concerted failure to report for duty or abstinence from the full and faithful performance of the duties of employment, including compliance with the request of another labor organization or bargaining unit to engage in such activity in an attempt to induce a change in wages, hours, and other terms and conditions of employment.

(b) An employee shall not be entitled to any wages or City paid benefits whatsoever if the City Council, by majority vote, determines to its satisfaction, that the employee is, or has, engaged in any activity prohibited by subsection (a) of this Section. The City may take other action which it deems appropriate.

(c) If the City Council, by majority vote, determines to its satisfaction, that subsection (a) of this Section has been violated by the Association, the City may take such remedial action as it deems appropriate.

(d) The Association recognizes the duty and obligation of its representatives and members to comply with the provisions of this Memorandum of Understanding and to make every effort toward inducing all employees in this unit to fully and faithfully perform their duties. In the event of any activity prohibited by subsection (a) hereinabove, the Association agrees to take supererogatory steps necessary to assure compliance with this Memorandum of Understanding.

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SECTION 22. CITY RIGHTS

(a) The Association recognizes that the rights of the City derive from the Constitution of the State of California and the Government Code and not from the Memorandum of Understanding. All matters not specifically addressed in this Memorandum of Understanding are reserved to the City.

(b) The Association recognizes and agrees that the exercise of the express and implied powers, rights, duties and responsibilities by the City, such as, the adoption of policies, rules, regulations and practices, and the use of judgment and discretion in connection therewith shall be limited only by the specific and express terms of this Memorandum of Understanding.

(c) The Association recognizes that the City has and will continue to retain, whether exercised or not, the unilateral and exclusive right to operate, administer and manage its municipal services and work force performing these services limited only by the specific and express terms of this Memorandum of Understanding. The exclusive rights of the City shall include but not be limited to, the right to determine the organization of City government and the mission of its constituent agencies; to determine the nature, quantity and quality of services to be offered to the public and to determine the means of operations, the materials and personnel to be used, the right to introduce new or improved methods or facilities, and to change or alter personnel, methods, means, materials and facilities, to exercise control and discretion over its organization and operations through its managerial employees; to establish and effect rules and regulations consistent with applicable law and the specific and express provisions of this Memorandum of Understanding; to establish and implement standards of selecting City personnel and standards for continued employment with the City; to direct to workforce by determining the work to be performed, the personnel who shall perform the work, assigning overtime and scheduling the work; to take disciplinary action; to relieve its employees from duty because of lack of work or funds; to determine whether goods or services shall be made, purchased or contracted for; and to otherwise act in the interest of efficient service to the community.

(d) In cases of emergency when the City determines that an ordinance, rule, resolution or regulation must be adopted immediately without prior notice or meeting with a recognized employee organization, the City shall provide such notice and opportunity to meet at the earliest practicable time following the adoption of such ordinance, rule, resolution or regulation.

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SECTION 23. CONCLUSIVENESS

(a) The specific provisions contained in this Agreement constitute the entire and sole agreement between the City and the Association and shall prevail over existing City ordinances, resolutions, rules and regulations, policies, procedures and practices wherever there is a direct conflict between previous written policies and practices a specifically contradictory term of this Agreement. Existing written policies, rules, regulations, ordinances and resolution shall be amended to conform to the terms of this Agreement. Only those policies and practices directly and expressly revised by this Agreement shall be deemed to be modified by this Agreement.

(b) All matters not addressed specifically and expressly by this Agreement are, and shall continue to be, within the exclusive decision-making authority of the City and shall not be in any way, directly or indirectly, subject to any grievance procedure.

(c) This Agreement may be altered, changed, added to, deleted from, or modified only through the voluntary, mutual consent of the City and the Association in a written and signed amendment to this Agreement.

APPENDIX "A"

SALARY ADJUSTMENT FOR CALENDAR YEAR 2006

~~**(See Section 15.10 – Market Salary Survey – January 1, 2006)**~~

~~SALARY ADJUSTMENTS FOR FISCAL YEARS 2007, 2008, and 2009~~

~~Effective July 1, 2007, July 1, 2008, and July 1, 2009, the Salary Schedule shall provide salary rates according to the following formula:~~

~~Salary adjustments effective July 1, 2007, July 1, 2008, and July 1, 2009, shall be equal to the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers U.S. City Average (CPI-W), for 12-month period preceding the May Index of each fiscal year. The salary adjustments shall be a minimum of two and one-half percent (2.5%) but not to exceed six percent (6.0%). (For example, CPI-W of nine percent (9.0%) would result in a six percent (6.0%) adjustment, and a CPI-W of two percent (2.0%) would result in a two and one-half (2.5%) adjustment.)~~

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APPENDIX "B"

RELEASE OF CLAIMS RELATED TO 2010 AND 2011 DECLARATIONS OF FISCAL EMERGENCY AND RELATED ACTIONS

1. The Stockton Police Officers' Association (defined herein as including without limitation the SPOA's members, bargaining unit members, officials, attorneys and affiliates) agrees to release the City of Stockton (including without limitation its officers, employees, council members, attorneys, agents and assigns) from any and all liability arising out of or related to the City's declarations of fiscal emergency on May 26, 2010, May 17, 2011 and February 28, 2012, including any and all actions taken by the City of Stockton and its employees, officers, council members, attorneys, agents and assigns prior to the effective date of this Release pursuant to the declarations of fiscal emergency, including but not limited to, the Resolution affecting the terms and conditions of employment of past, present or future sworn employees in the City's Police Department (Resolution Nos. 1502-01, 11-0114 and 10-0160). By entering this agreement, the SPOA releases the City of any and all liability related to loss of wages and benefits, and other changes to terms and conditions of employment that resulted from or are related to the City's 2010 and 2011 emergency declarations and related actions taken pursuant to those declarations prior to the effective date of this Release.

2. SPOA and the City understand and expressly agree that this Release extends to all claims of every nature and kind, known or unknown, suspected or unsuspected, past, present or future, arising from or attributable to the City's emergency declarations for actions taken prior to the effective date of this Release pursuant to those declarations. The parties acknowledge that any and all rights granted to the parties under Section 1542 of the California Civil Code or any analogous state or federal law or regulation, are hereby expressly waived. The parties recognize and acknowledge that the factors which have induced them to enter into this Agreement might turn out to be incorrect or different from what they had previously anticipated, and the parties expressly assume all of the risks of this waiver of California Civil Code Section 1542. Section 1542 of the California Civil Code, reads as follows:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his settlement with the debtor.

3. In consideration of the foregoing promises and other considerations, the SPOA, for itself, its attorneys, members, officers, directors, represented employees and affiliates, hereby fully and forever releases, discharges and covenants not to sue or otherwise institute in any way, actively participate in or voluntarily assist in any legal or administrative proceedings against the City connected to the actions or omissions occurring on or before the effective date of this Release. This includes the immediate withdrawal of all litigation, grievances, demands for arbitration, and administrative claims, including but not limited to Case No. 39-2010-00245097-CU-WM-STK currently before the Superior Court for the County of San Joaquin. SPOA will dismiss any and all cases, including Case No. 39-2010-00245097-CU-WM-STK, with prejudice.

4. The effective date of the Release shall be the date of the City Council's approval of the 2012 – 2013 MOU between the City and the Stockton Police Officers' Association; provided, however, that the parties agree to stay all litigation, arbitration, or other legal or administrative proceedings as of the effective date of this Release until both parties have an adequate opportunity to ratify. The parties shall inform all courts, arbitrators or administrative bodies in which any matter released herein is pending that the matter has been temporarily stayed pending ratification by the parties.

5. All parties expressly waive any right to recover attorneys' fees and costs.

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CITY OF STOCKTON

MID-MANAGEMENT/SUPERVISORY LEVEL MEMORANDUM OF UNDERSTANDING

The Stockton Mid-Management/Supervisory Level bargaining unit and representatives of the City of Stockton have met and conferred in good faith regarding wages, hours and other terms and conditions of employment of employees employed in the representation unit identified in Section 1, have exchanged freely information, opinions, and proposals and have endeavored to reach agreement on all matters relating to the employment conditions and employer-employee relations of such employees.

This Memorandum of Understanding is entered into pursuant to the Meyers-Milias-Brown Act (Government Code Sections 3500-3511) and has been jointly prepared by the parties.

This Memorandum of Understanding shall be presented to the Stockton City Council as the joint recommendations of the undersigned for salary and employee benefit adjustments for the period commencing January 1, 2009, and ending June 30, ~~2014~~ **2013.**

MEMORANDUM OF UNDERSTANDING (MID-MANAGEMENT/SUPERVISORY LEVEL)

SECTION 1. RECOGNITION

1.1 City Recognition

The City Manager, or any person or organization duly authorized by the City Manager, is the representative of the City of Stockton, hereinafter referred to as the "City" in employer-employee relations as provided in Resolution No. 32,538, adopted by the City Council on August 4, 1975.

1.2 Association Recognition

The City of Stockton Management B & C Employees Group, hereinafter referred to as "Association", is the recognized employee organization for the Mid-Management/Supervisory Level Bargaining Unit certified pursuant to Resolution No. 91-0014, adopted by the City Council on January 2, 1991.

SECTION 2. ASSOCIATION SECURITY

2.1 Dues Deduction

(a) General. The Association may have the regular dues of its members within the representation unit deducted from employees' paychecks under the procedures prescribed by the City for such deductions. The Association has exclusive privilege of dues deduction for its members.

Payroll deduction shall be for a specified amount and consistent for all employee members of the Association and shall not include fines, fees, and/or assessments.

(b) Authorization Required. Authorization, cancellation or modification of the payroll deduction shall be made upon forms provided or approved by the City. The payroll deduction authorized shall remain in effect until cancelled or modified by the employee by written notice to the City or until the first day of the calendar month following the transfer of the employee to a unit represented by another employee organization as the representative of the unit to which the employee is assigned, or until employment with the City is terminated.

(c) Authorization Not Required to Dues Increases. Additional authorization shall not be required for deduction of increased membership dues when such increase has been duly approved by the membership of the Association. Notification of such approval shall be forwarded to the City in the form of written notice of official Association letterhead and signed by the Association President or other duly authorized Association official. Upon receipt of notification, the City shall authorize the payroll deduction of the increased amount.

(d) Transmittal of Association Dues. Amounts deducted and withheld by the City shall be transmitted to the officer designated in writing by the Association as the person authorized to receive such funds, at the address specified.

(e) Other Deductions. In addition to the deduction of dues, the City will deduct from the paychecks of Association members who request it, premiums for group insurance and investment plans sponsored by the Association. Such deduction shall occur only upon signed authorization from the employee upon a form satisfactory to the City. Such authorization may be made or changed no more frequently than yearly.

(f) **Effect of Non-Pay Status on Dues Check-Off.** The employee's earnings must be sufficient, after all other required deductions are made, to cover the amount of the deductions herein authorized. When an employee is in a non-pay status for an entire pay period, no withholding will be made to cover that pay period from future earnings nor will the employee deposit the amount with the City which would have been withheld if the employee had been in a pay status during the period. In the case of an employee who is in a non-pay status during a part of the pay period, and the salary is not sufficient to cover the full withholding, no deduction shall be made. In this connection, all other required deductions have priority over the employee organization deduction.

~~(b)~~**(g)** Indemnity and Refund. The Association shall indemnify, defend and hold the City harmless against any claim made and against any suit initiated against the City on the account of check-off of Association dues or premiums for benefits. In addition, the Association shall refund to the City any amounts paid to it in error upon presentation of a written document demonstrating the error.

[ALL ADDITIONS ADDED BY 2009 SIDELETTER]

2.2 Use of City Facilities

The Association shall be allowed by the City department in which it represents employees' use of space on available bulletin boards for communications having to do with official Association business, such as times and places of meetings, provided such use does not interfere with the needs of the department.

Any representative of the Association shall give notice to the department head or his designated representative when contacting department employees on City facilities during the duty period of the employees, provided that solicitation for membership or other internal Association business shall be conducted during the non-duty hours of all employees concerned. Prearrangement for routine contact may be made with the individual department heads and when made shall continue until revoked by the department heads.

City buildings and other facilities may be made available for use by City employees or the Association or their representative in accordance with such administrative procedures as may be established by the City Manager or department heads concerned.

Members of the Association are prohibited from using City equipment and/or time for their own personal use.

2.3 Advanced Notification

Except in cases of emergency, reasonable advance written notice shall be given to the Association if related to matters within the scope of representation proposed to be adopted by the City and shall be given the opportunity to negotiate, if requested, with the designated management representatives prior to adoption.

In cases of emergency when the foregoing procedure is not practical or in the best public interest, the City may adopt or put into practice immediately such measures as are required. At the earliest practical date thereafter, the Association shall be provided with the notice described above and be given an opportunity, if requested, to negotiate changes to the content of said notice with the management representatives designated by the City Manager.

2.4 Attendance at Meetings by Employees

City employees who are official representatives or unit representatives of the Association shall be given reasonable time off with pay to attend meetings with City Management representatives, ~~or be present at City hearings~~ where matters within the scope of representation or grievances are being considered.

The use of official time for this purpose shall be reasonable and shall not interfere with the performance of City services as determined by the City. **Time spent for these purposes while a representative is not scheduled to work shall not be compensated by the City and shall not be considered as hours worked.** Such employee representatives shall request an excused absence, prior to the scheduled meeting whenever possible. Except by mutual agreement the number of employees excused for such purposes shall not exceed three (3) employees.

2.5 Maintenance of Membership

(a) Association membership is not a mandatory condition of employment for any employee covered by this Agreement. However, any employee covered by this Agreement, who is an Association member on or after the date of this Agreement is ratified by the Association membership, shall continue to pay to the Association those dues or fees regularly charged members of the Association in good standing for the life of this Agreement.

(b) Every employee who is a member of the Association shall have the right to withdraw from membership no sooner than 120 days or no later than 60

days of the expiration date of this Agreement, as contained in Section 19 Duration of Agreement. An employee who has properly withdrawn membership as provided herein shall not be subject to the provisions of this Section.

(c) Upon return from leaves of absence, the City shall reinstate the payroll deduction of Association dues for those employees who are on dues check-off immediately prior to taking leave, provided that the employee has not authorized cancellation of dues check-off in accordance with the prescribed provision or the Agreement under which they were a member has not expired.

(d) Enforcement of this Section shall be the responsibility of the Association, utilizing appropriate civil procedures.

SECTION 3. COMPLIANCE WITH FEDERAL LAWS

3.1 Non-Discrimination

(a) Non-Discrimination. The City and the Union agree that there shall be no discrimination of any kind because of **age (over 40),** race, creed, color, religion, national origin, **ancestry), veterans status, physical or mental disability, marital status, sexual orientation,** sex **(sexual, gender based, pregnancy/childbirth)**, political affiliation or legitimate union activity **or on any other basis prohibited by applicable federal and State law** against any employee or applicant for employment. **In addition, the Union shall cooperate with the City, to the extent authorized by federal and State laws and regulations, in furthering the City's objective of promoting equal employment opportunities.** ~~; and to the extent prohibited by applicable State and Federal law there shall be no discrimination because of age.~~

(b) The Association shall cooperate with the City**, to the extent authorized by federal and State laws and regulations,** in the objective of Equal Employment Opportunities, as defined by Federal and State regulations.

SECTION 4. PROBATION

4.1 Supervisory Level

Original and promotional appointments shall be tentative and subject to a probationary period of six (6) months. The probationary period shall not be extended.

Supervising Librarian. Original and promotional appointments shall be tentative and subject to a probationary period of twelve (12) months. The probationary period shall not be extended.

4.2 Mid-Management Level

All Mid-Management Level positions are considered to be salaried employees. They do not have Civil Service status. Employment and separation of employment will be consistent with State Law.

4.3 Retention/Rejection of Probationer

During the probationary period a Mid-Management/Supervisory level employee may be rejected at any time by the appointing authority. Any employee who held a position in the classified service and subsequently appointed to a position in the unclassified service and subsequently removed from such position that employee shall have the right to be employed in a position comparable to his/her formerly held position in the classified service from which he/she was promoted unless charges are filed and he/she is discharged in the manner provided in section 7 of this Memorandum of Understanding, the Civil Service Rules and Regulations, the Stockton Municipal Code, and/or any other applicable City policy.

SECTION 5. LAYOFF

5.1 Layoff

Any employee may be laid off by an appointing authority in the event of the abolition of the employee's position by the City Council, or if a shortage of work or funds requires a reduction in personnel. In doing so, the City shall follow the layoff procedure set forth herein below.

5.2 Layoff Scope

(a) The City shall designate the number of layoffs in each bargaining unit classification for each department of the City.

(b) Departments of the City are defined as follows:

(1) City Attorney
(2) City Auditor
(3) City Clerk
(4) City Manager
(5) Community Development
(6) Community Services
(7) Economic Development
(8) Financial Management
(9) Fire
(10) Housing and Redevelopment
(11) Human Resources
(12) Information Technology
(13) Library
(14) Municipal Utilities
(15) Police
(16) Public Works

5.3 Notice of Layoff

The City will give advance written notice of at least two (2) weeks to employees who will be laid off.

5.4 Precedence by Employment Status

No bargaining unit employee having regular status shall be laid off while employees working in seasonal, temporary, provisional, or probationary status are retained in the same or comparable classification as such regular employee. The order of layoff among bargaining unit employees not having not regular

status shall be as follows:

(a) First, seasonal employees;

(b) Second, provisional employees;

(c) Third, temporary employees; and

(d) Fourth, probationary employees.

Layoffs shall be by job classification according to reverse order of seniority as determined by total service in the City, except as specified above. For the purpose of this procedure, regular part-time classes shall be considered as separate from regular full-time classes.

The following provisions shall apply in computing total continuing service:

(a) Time spent on military leave shall count as service in the event the leave was taken subsequent to entry into regular City employment.

(b) Time worked in seasonal, provisional, temporary, grant or other limited term status shall not count as service.

(c) Time worked in a regular status or probationary status shall count as service.

(d) If two (2) or more employees have the same seniority, the order of seniority shall be determined ~~by lot~~ **by their respective ranking on the eligibility list for hire.**

If two (2) or more employees have the same seniority, but were not hired from a ranked eligibility list, the order of seniority shall be determined by lot.

If two (2) or more employees have the same seniority, but were hired from separate ranked eligibility lists, the order of seniority shall be determined by lot.

(e) Regular status part-time employees shall not have the right to bump regular status full-time employees.

5.5 Order of Layoff and Employee Options

Reduction in force shall occur in the following order:

(a) The least senior employee occupying the position(s) being eliminated shall be the first laid off. The incumbent designated for layoff shall have the options noted below:

(1) Displacing the least senior employee occupying the same or comparable classification, Citywide.

(2) Taking a voluntary demotion within the City to a classification in which the employee had prior regular status, thus displacing the employee working in that classification who has the least seniority.

(b) Seniority for the purposes of application of the layoff procedure in section 5 is determined by total City employment, excluding employment as a seasonal, provisional, or temporary employee.

(c) Comparability of employee classifications for the purposes of application of the layoff procedure in section 5 shall be determined by the Director of Human Resources.

(d) An employee displaced in accordance with section 5 shall be laid off in the same manner as an employee whose position has been abolished.

5.6 Health and Welfare Benefits During Layoff

Regular employees who are laid off will have an option of maintaining their existing health and welfare benefits for thirty-six (36) months (the thirty-six (36) months runs concurrently with any COBRA benefits) from the date of layoff, provided timely payments of the premiums by the employee are made to the City, according to City regulations, and provided the employee otherwise meets the requirements of federal and state regulations.

5.7 Voluntary Layoff

When a determination has been made that a layoff will occur, regular full-time employees may elect to be voluntarily laid off regardless of their seniority status. The following provisions apply to an employee who so elects to be laid off:

(a) For payroll purposes, the employee will be treated as being on approved leave of absence without pay for up to twelve (12) months.

(b) The employee will have the option to either retain sick leave and/or vacation balances for up to one (1) year in anticipation of reemployment or be paid off for those leaves in accordance with applicable provisions of this Memorandum of Understanding.

(c) The names of employees who elect to be voluntarily laid off will be placed on reemployment lists in accordance with section 6.

SECTION 6. REEMPLOYMENT

(a) When an employee in the classified service who has been performing his/her duties in a satisfactory manner, as shown by the records of the department in which he/she has been employed, is laid off because of lack of funds or abolition of his/her position or has been on authorized leave of absence and is ready to report for duty when a position is open, the City shall cause the name of such employee to be placed on reemployment list for the appropriate class for reemployment within two (2) years thereafter when vacancies occur. The employee shall not be placed on said list or lists without his/her request. **An employee who waives reemployment shall have his/her name removed from this reemployment list unless mutually agreed to by the Department and employee.**

(b) The order in which names shall be placed on the reemployment list for any class shall be by seniority, which means "last laid off, first rehired."

(c) In filling vacancies, eligibles on the reemployment lists take precedence over eligibles on any other list for the same class in the department for which the lists apply.

SECTION 7. DISCIPLINE

Disciplinary action, including discharge, suspension, reduction in pay, demotion, or other employment penalty may be taken against any employee for cause.

The appointing authority may discharge, suspend, or demote any employee provided the Stockton Municipal Code provisions and the rules and regulations of the Civil Service Commission and any applicable provisions of law are followed. The Supervisory Level employee may take any one (1) of the following actions:

(a) File no grievance.

(b) File a grievance as provided for in Section 8.1 within ten (10) business days of written notification of the action.

(c) File an appeal within ten (10) business days of written notification of the action with the Civil Service Commission as appropriate for Supervisory Level employees.

If the employee fails to do (a) (b) or (c) above within the prescribed time frame, these rights will have been waived.

SECTION 8. GRIEVANCE PROCEDURE

8.1 Definition

A grievance is any dispute which involves the interpretation or application of the Memorandum of Understanding or appropriate disciplinary action (Supervisory Level employees only) in lieu of a Civil Service Commission appeal.

8.2 Filing Deadline

No grievance involving demotion, suspension, discharge or other employment penalty will be entertained unless it is filed in writing with the Director of Human Resources within ten (10) business days of the time in which the affected employee received written notification of such action. All other grievances must be filed within thirty (30) calendar days from the time the employee knew or had reason to know of the facts giving rise to the grievance.

8.3 Grievance Processing

(a) Step 1 - Departmental Review. Any employee claiming to have a grievance may discuss the complaint with such management official in the department where employed as the department head may designate. If the issue is not resolved within the department within ten (10) business days from the day of presentation or if the employee elects to submit the grievance directly to the Association recognized as the representative of that employee's classification, the procedures hereinafter specified may be invoked.

(b) Step 2 - Director of Human Resources Review. If the employee is not satisfied with the response at Step 1, then the employee may appeal the grievance to the Director of Human Resources within ten (10) business days of the receipt of written response at Step 1. Such appeal must state with particularity; 1) the specific policy, rule or provision which is alleged to have been violated; 2) the statement of facts comprising the violation; and 3) the requested remedy. The Association may file and process grievance(s) on behalf of the specifically named employee.

The Director of Human Resources shall have twenty (20) business days in which to review the issues and respond to the appeal. No grievance may be processed under the following two (2) paragraphs, which has not first been filed and reviewed in accordance with this paragraph unless the Director of Human Resources fails to respond within the time limit.

(c) Step 3 - The parties may mutually agree to the use of this Step prior to proceeding to Step 4, Arbitration. Either party may with written notice

within ten (10) business days of the decision of Step 2, request Step 3. Upon mutual agreement of Step 3, the City will request a representative from the State of California Mediation/Conciliation Service to review the grievance and make non-binding recommendations to assist the parties in resolving the grievance. The State Mediator will not provide any written documents and is limited to the restriction in Labor Code Section 65 and Attorney General opinions 51/183 and 68/77.

(d) Step 4 - Arbitration. If the grievant or the Association is dissatisfied with the response at Step 2 or Step 3, if used, or if the Director of Human Resources fails to respond within the time limit in Step 2, the grievance may be moved to Step 4 within twenty (20) business days. The grievance will be referred to an arbitrator mutually selected by the parties, or, if the parties are unable to mutually agree from a list of seven (7) arbitrators provided by the State of California Mediation/Conciliation Service, the arbitrator shall be chosen by the alternative strike method, with first choice being determined by lot. The fees and expenses of the arbitrator and of a court reporter shall be shared equally by the Association and the City. Each party, however, shall bear the cost of its own presentation, including preparation and post hearing briefs, if any.

(e) Effect of Decision. Decisions of arbitrators on matters properly before them shall be final and binding on the parties hereto except as provided otherwise herein.

8.4 Scope of Arbitration

No arbitrator shall entertain, hear, decide or make recommendations on any dispute unless such dispute involves a position in a unit represented by the Association and unless such dispute falls within the definition of a grievance as set forth in paragraph 8.1.

Proposals to add to or change this Memorandum of Understanding or written agreements or addenda supplementary hereto shall not be arbitrated and no proposal to modify, amend or terminate this Memorandum of Understanding, nor any matter or subject arising out of or in connection with such proposal, may be referred to arbitration under this Section. No arbitrator selected pursuant to this section shall have the power to amend or modify this Memorandum of Understanding or written agreements or addenda supplementary hereto or to establish any new terms or conditions of employment.

No change in this Memorandum of Understanding or interpretations thereof (except interpretations resulting from arbitration proceedings hereunder) will be recognized unless agreed to by the City Manager and the Association.

8.5 Other Provisions

If the Director of Human Resources in pursuance of the procedures outlined above resolve a grievance which involves suspension or discharge, he/she may agree to payment for lost time or to reinstatement with or without payment for lost time, but in the event the dispute is referred to arbitration and the arbitrator finds that the City had cause to take the action complained of, the arbitrator may not substitute his judgment for the judgment of Management and if he finds that the City had such right, he may not order reinstatement and may not assess any penalty upon the City.

All complaints involving or concerning the payment of compensation shall be initially filed in writing with the department at Step 1. Only complaints which allege the employee is not being compensated in accordance with the provisions of this Memorandum of Understanding shall be considered as grievances. Any other matters of compensation are to be resolved in the meeting and conferring process and if not detailed in the Memorandum of Understanding which results from such meeting and conferring process shall be deemed withdrawn until the meeting and conferring process is next open for such decision. No adjustment shall be retroactive for more than thirty (30) days from the date upon which the complaint was filed.

The provisions of this Section shall not abridge any right to which an employee may be entitled under the Stockton Municipal Code and/or Civil Service Rules and Regulations, nor shall it be administered in a manner, which would abrogate any power, which may be within the sole province and discretion of the Civil Service Commission. Reference to Civil Service Commission is limited to Supervisory Level employees.

All grievances of employees in the representation unit represented by the Association shall be processed under this Section. If the Stockton Municipal Code and/or the Civil Service Rules and Regulations requires that differing options be available to the employee, no action under paragraph (d) of subsection 8.3 above shall be taken unless it is determined that the employee is not availing himself of such option.

No action under paragraph (d) of subsection 8.3 above shall be taken if action on the complaint or grievance has been taken by the Civil Service Commission, or if the complaint or grievance is pending before the Civil Service Commission.

If any award by an arbitrator requires action by the City Council or the Civil Service Commission before it can be placed in effect, the City Manager and the Director of Human Resources will recommend to the City Council or the Civil Service Commission, as appropriate, that it follow such award.

SECTION 9. LEAVES

9.1 Vacation - Mid-Management Level – FLSA Exempt Employees

~~(a) The vacation plan for Mid-Management Level employees shall provide for a flat annual allowance, a maximum carry-over limit and a sell-back provision.~~

~~(b) Vacation Allowance. Mid-Management Level employees shall, on July 1, of each year, receive a vacation allowance, which shall be the employee's vacation entitlement for the fiscal year.~~

~~(1) Mid-Management Level employees shall receive twenty (20) days with fifteen (15) years or less of continuous City service.~~

~~(2) Mid-Management Level employees shall receive twenty-five (25) days after fifteen (15) years and up to twenty-five (25) years of continuous City service.~~

~~(3) Mid-Management Level employees shall receive one (1) additional day vacation allowance for each year of continuous City service beyond twenty-five (25) years.~~

(a) Effective July 1, 2012, Mid-management FLSA exempt employees shall accrue vacation leave with pay in accordance with the following schedule:

(1)..... Less than 1-1/2 years continuous employment ..... 120 hours/year

(2)..... After 1-1/2 years up to 7 1/2 years ..... 148 hours/year

(3)..... After 7-1/2 years up to 15 years ..... 188 hours/year

(4)..... After 15 years up to 25 years..... 229 hours/year

(5)..... Eight (8) additional hours hence for each completed year of service in excess of twenty-five (25) years.

(6)..... E

mployees shall accrue vacation on a twice-monthly payroll basis.

~~(c)~~**(b) Maximum Vacation Accrual.** ~~Vacation Carryover Maximum.~~

~~Mid-Management Level employees shall be granted a maximum carry-over of one (1) previous year's vacation allowance plus fifteen (15) days as of June 30, of any year.~~

Employees reaching the maximum hours shall stop accruing additional hours until they are below the caps listed here. No vacation hours may be added to sick leave balances without exception. Effective July 1, 2012, the following maximum vacation accruals shall take effect. For employees who on July 1, 2012 have vacation balances that exceed their maximum shall have until June 30, 2013 to use sufficient vacation to get under the maximum allowed. If an employee does not get below the maximum by June 30, 2013, they shall retain their existing earned vacation, but shall not earn any additional vacation until they are under the maximum vacation accrual allowed.

The maximum number of vacation hours that employees on a 40 hour workweek shall accrue are as follows:

Under 1.5 years	**200 hours**
1.5 – 7.5 years	**320 hours**
7.5 – 15 years	**360 hours**
15 – 25 years	**400 hours**
25 years	**408 hours**
26 years	**416 hours**
27 years	**424 hours**
28 years plus	**8 hours each additional year**

~~(d) Vacation Carryover in Excess of Maximum.~~

~~(1) Whenever an employee's vacation hours exceed the maximum vacation carryover provision, the excess hours shall automatically be credited to the employee's sick leave balance at the end of the fiscal year.~~

~~(2) Mid-Management Level employees may carry-over vacation time in excess of the maximum allowance, as referenced above, when the vacation hours remains because of being in a paid status during a period of illness or injury which precluded liquidating vacation credits earned in excess of the maximum allowed.~~

9.2 Vacation - Supervisory Level – FLSA Non-Exempt Employees

~~(a) The vacation plan for Supervisory Level employees shall provide for a flat annual allowance, a maximum carry-over limit and a sell-back provision.~~

(a) Vacation Allowance **(40-hour workweek)** . **Effective July 1, 2012,** Supervisory Level **FLSA non-exempt** employees **on a forty-hour workweek** shall ~~on July 1, of each year,~~ receive a vacation allowance **in accordance with the following schedule**, ~~which shall be the employee's vacation entitlement for the fiscal year.~~

~~(1) Supervisory Level employees shall receive fifteen (15) days with between one and one-half (1 1/2) and seven and one-half (7 1/2) five (5) years or less of continuous City service.~~

~~(2) Supervisory Level employees shall receive with twenty (20) days after five (5) years of continuous City service.~~

~~(3) Supervisory Level employees shall receive twenty-five (25) days after fifteen (15) years and up to twenty-five (25) years of continuous City service.~~

~~(4) Supervisory Level employees shall receive one (1) additional day vacation allowance for each year of continuous City service beyond twenty-five (25) years.~~

(1) Less than one and one-half (1-1/2) years continuous employment ..... 80 hours/year.

(2) After one and one-half (1-1/2) to seven and one-half (7-1/2) years continuous employment ..... 108 hours/year.

(3) After seven and one-half (7-1/2) to fifteen (15) years continuous employment..... 144 hours/year.

(4) After fifteen (15) to twenty-five (25) years continuous employment ..... 189 hours/year.

(5) Thereafter, seven (7) additional hours for each completed year of service in excess of twenty-five (25) years.

(b) Maximum Vacation Accrual. ~~Supervisory Level employees shall~~

~~be granted a maximum carry-over of one (1) previous year's vacation allowance plus fifteen (15) days as of June 30, of any~~ year Supervisory employees on a 40-hour workweek reaching the maximum hours shall stop accruing additional hours until they are below the caps listed here. No vacation hours may be added to sick leave balances without exception. Effective July 1, 2012, the following maximum vacation accruals shall take effect. For employees who on July 1, 2012 have vacation balances that exceed their maximum shall have until June 30, 2013 to use sufficient vacation to get under the maximum allowed. If an employee does not get below the maximum by June 30, 2013, they shall retain their existing earned vacation, but shall not earn any additional vacation until they are under the maximum vacation accrual allowed.

The maximum number of vacation hours that employees on a 40 hour workweek shall accrue are as follows:

Under 1.5 years	120 hours (15 days for 8 hour shift)
1.5 – 7.5 years	240 hours (30 days for 8 hour shift)
7.5 – 15 years	280 hours (35 days for 8 hour shift)
15 – 25 years	320 hours (40 days for 8 hour shift)
26 years	328 hours (41 days for 8 hour shift)
27 years	336 hours (42 days for 8 hour shift)
28 years	344 hours (43 days for 8 hour shift)
29 years	352 hours (44 days for 8 hour shift)

For every year of service beyond 29, the employee is allowed to add an additional seven (7) hours to the maximum accrual cap.

~~(d) Vacation Carryover in Excess of Maximum.~~

~~(1) Whenever an employee's vacation hours exceed the maximum vacation carryover provision, the excess hours shall automatically be credited to the employee's sick leave balance at the end of the fiscal year.~~

~~(2) Supervisory Level employees may carry-over vacation time in excess of the maximum allowance, as referenced above, when the vacation hours remains because of being in a paid status during a period of illness or injury which precluded liquidating vacation credits earned in excess of the maximum allowed.~~

(c) Vacation Allowance (56-hour workweek). Supervisory FLSA non-exempt employees on a 56-hour workweek shall receive a vacation allowance, in accordance with the following schedule:

(1) Less than one and one-half (1-1/2) years continuous employment ..... 120 hours/year.

(2) After one and one-half (1-1/2) to seven and one-half (7-1/2) years continuous employment ..... 162 hours/year.

(3) After seven and one-half (7-1/2) to fifteen (15) years continuous employment..... 216 hours/year.

(4) After fifteen (15) to twenty-five (25) years continuous employment ..... 283.5 hours/year.

(5) Thereafter, 10.5 additional hours for each completed year of service in excess of twenty-five (25) years.

(6) Employees shall accrue vacation on a twice-monthly payroll basis

(d) Maximum Vacation Accrual. Employees on a 56-hour workweek reaching the maximum hours shall stop accruing additional hours until they are below the caps listed here. No vacation hours may be added to sick leave balances without exception. Effective July 1, 2012, the following maximum vacation accruals shall take effect. For employees who on July 1, 2012 have vacation balances that exceed their maximum shall have until June 30, 2013 to use sufficient vacation to get under the maximum allowed. If an employee does not get below the maximum by June 30, 2013, they shall retain their existing earned vacation, but shall not earn any additional vacation until they are under the maximum vacation accrual allowed. accrual allowed.

The maximum number of vacation hours that employees on a 56 hour workweek shall accrue are as follows:

Under 1.5 years	300 hours
1.5 – 7.5 years	360 hours
7.5 – 15 years	420 hours
15 – 25 years	480 hours
26 years	492 hours
27 years	504 hours
28 years	516 hours
29 years	528 hours
29 plus years	7 hours each additional year

(c) ~~(e)~~ **Vacation Sell-Back Maximum.**

9.3 Vacation Sell-back **for All Employees in this Unit**~~Allowance~~. **An** ~~Such~~ employees **may elect to sell back** ~~are allowed~~ a maximum of ~~one-hundred and twenty (120) hours per fiscal year~~ **forty (40) hours of his/her unused accumulated vacation balance after the use of a scheduled vacation of forty (40) consecutive hours or more. This option may be exercised once per calendar year, except this option is suspended during furlough or fiscal emergency periods.** ~~To qualify for this sell-back benefit, an employee must have used either in the preceding or current fiscal year a minimum of eighty (80) vacation hours.~~

9.4 Vacation Allowance for Separated Employees in this Unit:

When an employee is separated from service between February 17, 2012 and July 1, 2014, the employee's remaining vacation allowance, if any, shall be paid as follows:

(1) **Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated vacation hours.**

(2) **On the one year anniversary of employee's separation, he/she shall receive the second payment of one third (1/3) or $10,000, whichever is greater, of the balance of his/her unused accumulated vacation hours.**

(3) **On the second anniversary of separation, he/she shall receive the balance payment of the unused accumulated vacation hours.**

(4) **Employees who are involuntarily separated shall have their unused accumulated vacation hours, if any, added to his/her final compensation.**

9.35 Sick Leave

(a) Accrual. All regular employees, except provisional, temporary and extra-help employees, each shall accrue sick leave at the rate of ~~ten (10)~~ **eight (8)** hours for full month of service. All regular employee, except

provisional, temporary and extra-help employees, working less than a full month shall accrue sick leave while off duty on authorized sick leave; provided, however, an employee shall not accrue sick leave during any leave or leaves of absence without pay granted to the employee.

(b) Usage. Employees are entitled to sick leave pay for those **hours**~~days~~, which the employee would normally have worked, to a maximum of sick leave hours accrued.

An employee may use sick leave for preventive medical, dental, optical care, illness, injury or exposure to contagious disease, which incapacitates him/her from performing his/her duties. This includes disabilities caused or contributed to by pregnancy, miscarriage, abortion, childbirth and recovery therefrom.

(c) Family Sick Leave. **In accordance with California Labor Code section 233 ("Kin Care"), ~~E~~employees** may utilize **up to on-half of the employee's annual** sick leave **accrual to care for an illness or injury of the**~~in the case of illness or injury in the~~ employee's immediate family ~~when such illness or injury requires personal care. Such sick leave shall be limited, by the department head, to the time reasonably required to make other arrangements for such care.~~

~~Employees may utilize up to one-half of their annual sick leave accrual in the case of illness or injury in the employee's immediate family when such illness or injury requires personal care that otherwise would not be covered by the FMLA or CFRA leaves.~~

For the purpose of this Section, such sick leave shall be restricted to the employee's parents, spouse, mother-in-law, father-in-law, child, stepchild, brother, sister, brother-in-law, sister-in-law, grandparent, grandchild, and registered domestic partner. **The employee's "child" includes a biological, foster, or adopted child, a stepchild, a legal ward, a child of the employee's registered domestic partner, or a child to whom the employee stands *in loco parentis*.**

(d) Procedures for Requesting and Approving Sick Leave. When the requirement for sick leave is known to the employee in advance of his/her absence, the employee shall request authorization for such sick leave from the department head prior to such absence. In all other instances, the employee shall notify his/her supervisor as promptly as possible of his/her absence.

Before an employee may be paid for the use of accrued sick leave, he/she shall complete and submit to his/her department head a signed statement,

on a prescribed form, stating the dates and hours of absence, the exact reason, and such other information as is necessary for his/her request to be evaluated. If an employee does not return to work prior to the preparation of the payroll, other arrangements may be made with the approval of the department head.

(e) Doctor's Certificate or Other Proof. **The Director of Human Resources may require a doctor's certificate or other reasonable proof of illness as he/she deems necessary in order for an employee to receive an excused absence from work and sick leave pay. . The employee shall be given notice prior to returning to work that he or she will be required to provide such documentation. Employees who have unscheduled absences due to illness on a scheduled work day preceding or following a holiday may be required to bring a doctor's certificate or other reasonable proof of illness in order to receive an excused absence and sick leave pay.** ~~If an employee's illness results in an absence from work for more than three (3) consecutive days, then a doctor's certificate or other reasonable proof of illness may be required by the department head.~~

~~The department head and the Director of Human Resources may make such sick leave usage reviews and may require such physician's documentation, as they deem necessary to insure proper use of the sick leave benefit.~~

(f) Use of Sick Leave While on Vacation. An employee who is injured or who becomes ill while on vacation may be paid for sick leave in lieu of vacation provided that the employee:

1) Was hospitalized during the period for which sick leave is claimed, or

2) Received medical treatment or diagnosis and presents a statement indicating disabling illness or injury signed by a physician covering the period for which sick leave is claimed.

(g) Payment for Unused Sick Leave. **Effective February 17, 2012, all sick leave shall have no cash value upon separation of employment and employees shall not be allowed to cash out unused sick leave.** ~~Upon separation with ten (10) years or more of employment; or upon termination of employment by reason of death, service or disability retirement; the employee or the employee's estate will be paid fifty percent (50%) of the total unused sick leave at its current cash value.~~

(h) CalPERS Service Credit for Unused Sick Leave.

Employees shall be eligible for CalPERS service credit for unused sick leave at retirement based on the PERS contract provisions in effect at the time of their hire. In 2011, the parties have agreed to the implementation of a new retirement tier and employees hired after the implementation of that new tier will not be eligible for unused sick leave service credit.

9.4 Other Leaves With Pay

(a) Bereavement Leave. In the event of a death in the immediate family of an employee, he/she shall, upon request be granted up to three (3) days bereavement leave with pay without charge to his/her accumulated sick leave credits or vacation eligibility. For the purposes of this paragraph, the immediate family shall be restricted to the employee's parents, current step parents, spouse, mother-in-law, father-in-law, child, stepchild, brother, sister, son-in-law, daughter-in-law, brother-in-law, sister-in-law, grandparent, grandchild, and registered domestic partner.

In the event of the death of a person not immediately related to an employee as defined above, the employee's department head may grant up to three (3) days bereavement leave upon request which shall be charged against the employee's accumulated sick leave credits.

(b) Court Appearance. Upon approval by the department head, an employee, other than a provisional or temporary employee, shall be permitted authorized absence from duty for appearance in court because of jury service, in obedience to subpoena or by direction of proper authority, in accordance with the following provisions:

Said absence from duty including necessary travel time, will be **for actual hours served** ~~with full pay for each day the employee serves~~ on jury duty or testifies as a witness in a criminal case, other than as a defendant. As a condition of receiving such pay, the employee must remit to the City, through the employee's department head, within fifteen (15) days after receipt, all fees received except those specifically allowed for mileage and expenses.

~~Jury duty or witness duty appearances shall be considered in terms of "whole days" (8 hours) or "half days" (4 hours) of service.~~ If an employee is not due to appear for jury duty or as a witness until an afternoon court session, the employee will be expected to work his usual morning schedule. If an employee is required to appear for a morning court session and is sent home before noon and not required to return in the afternoon, the employee will be expected to work his usual afternoon

schedule.

Said absence from duty will be without pay when the employee appears in private litigation to which the City of Stockton is not a party.

Any fees allowed, except for reimbursement of expenses incurred, shall be remitted to the City through the employee's department.

Notwithstanding the foregoing, attendance in court in connection with an employee's official duties or in behalf of the City of Stockton in connection with a case in which the City of Stockton is not a party, together with travel time necessarily involved, shall not be considered absent from work within the meaning of this Section.

(c) Military Leave. An employee of the City who is a member of the National Guard or Naval Militia or a member of Reserve Corps or Force of the Federal Military, Naval or Marine Service and is ordered to duty shall be granted leave with pay while engaged therein, provided the leave does not exceed thirty (30) calendar days in any calendar year.

All regular employees in the service of the City shall be allowed leave of absence without pay for the duration of a national emergency who have been inducted into the Army, Navy, Marine Corps, Air Force or any other branch of the Military Service of the United States or the State of California. Said employees shall be reinstated in the service, except as hereinafter stated, providing they are physically fit as shown by a medical examination by the City Physician or other physician appointed to make a medical examination.

All probationary employees inducted into the Military Service not having served the minimum probationary period of six (6) months, shall be allowed leave of absence without pay for the duration of a national emergency, but said employees shall be placed at the head of the eligible list for such position in the order of their seniority of employment and when appointed to a vacant position, they must be physically fit as above specified and shall serve the balance of their probationary period before attaining the status of a regular employee.

Two or more regular employees granted military leave of absence without pay from the same position shall be reemployed according to their seniority of employment providing they are physically fit as above specified.

9.5 Workers' Compensation Leave

~~Whenever any member of this unit, is disabled, whether temporarily or permanently, by injury or illness arising out of and in the course of his/her duties, he/she shall become entitled, regardless of his/her period of service with the City, to a leave of absence while so disabled without loss of salary, in lieu of temporary disability payment, if any, which would be payable for the period of such disability but not exceeding one year, or until such earlier date as he/she is retired on permanent disability pension.~~

~~If injury is claimed to be job related or a recurrence of a previous job related sickness or injury, it must be verified with a written physician's statement. Otherwise disability leave will not be allowed. Any absence not so approved will be charged to sick leave if verification is not received.~~

(a) Workers' Compensation Benefits shall be provided in accordance with State law and schedules whenever an employee is absence from duty because of disability caused by illness or injury arising out of and in the course of employment which has been declared to be compensable under the Workers' Compensation Law.

(b) Forms and Procedures. Workers' compensation processing shall be consistent with City procedures and in accordance with state workers' compensation regulations. Any employee who sustains a work-related injury or illness shall immediately inform his/her supervisor no matter how minor an on-the-job injury may appear. An employee who sustains a work-related injury or illness is required to seek medical care at facilities designated by the City unless they have filed a pre-designation of personal physician prior to sustaining the work-related injury or illness. For a list of City designated medical care facilities and/or physicians, please contact Human Resources.

9.6 Leave of Absence

Employees shall not be entitled to leave of absence as a matter of right, but only in accordance with the provisions of law and the City of Stockton Municipal Code. Unless otherwise provided, the granting of a leave of absence also grants to the employee the right to return to a position in the same classification or equivalent classification, as the employee held at the time the leave was granted. The granting of any leave of absence shall be based on the presumption that the employee intends to return to work upon the expiration of the leave.

All approval authority over leaves of absence exercised by the department head under this Section shall be subject to review by the Director of Human Resources, whose ruling shall be final.

Employees on authorized leaves of absence without pay shall not be entitled to payment by the City of the premiums for their health and dental insurance, except as provided hereinafter.

The entitlement to City payment of premium shall end on the last day of the month in which the employee was paid except that employees on an authorized leave of absence may continue enrollment in the City health and dental insurance plan by prepayment of the monthly premium during the authorized leave of absence.

Authorized absence without pay which exceeds thirty (30) consecutive calendar days, except military leave, shall not be included in determining salary adjustment rights, based on length of employment. Periods of time during which an employee is required to be absent from his/her position by reason of an injury or disease for which he/she is entitled to and currently receiving Workers' Compensation benefits shall be included in computing length of service for the purpose of determining that employee's salary adjustment.

9.7 Leave of Absence Without Pay

(a) Purpose and Length. Only employees occupying regular positions on a regular basis are eligible for leaves of absence without pay under the provisions of this Section.
An appointing authority may grant leave of absence without pay for personal reasons up to a maximum of twelve (12) months with approval of the Director of Human Resources.

Leaves of absence without pay on account of illness or injury, which are not job incurred, may be granted for a maximum period of twelve (12) months with approval of the Director of Human Resources. This includes disabilities caused or contributed to by pregnancy, miscarriage, abortion, childbirth and recovery therefrom.

Such a leave will be granted only after all accrued sick leave credits have been used and shall be substantiated by a physician's statement.

(b) Application for and Approval of Leave of Absence Without Pay. In order to receive leave without pay, an employee must submit a request on the prescribed form to his/her department head and the Director of Human Resources describing the reasons for the request and all other information required for the department head, or his/her representative, to evaluate

the request. Leaves without pay may be cancelled by the department at any time.

9.8 Absence Without Official Leave (AWOL)

(a) Failure to Report to Duty or Failure to Return After Leave. Failure to report for duty or failure to report for duty after a leave of absence request has been disapproved, revoked, or cancelled, or at the expiration of a leave, shall be considered an absence without official leave and shall be subject to discipline.

(b) Voluntary Resignation. Any employee in this bargaining unit absent without official leave for two (2) or more consecutive days or absent an aggregate of sixteen (16) hours in any calendar month without a satisfactory explanation shall be deemed to have voluntarily resigned from the City of Stockton, except if the absence is due to a verified illness or injury.

9.9 Paternal/Adoption/Maternity/Pregnancy Leave

Family medical leave shall be in accordance with the Family Medical Leave Act ("FMLA") of 1993, the California Family Rights Act ("CFRA"), or Pregnancy Disability Leave ("PDL") and/or other applicable state and federal laws. **An employee may combine, but shall not be required to combine, any paid leave time with unpaid leave.**

SECTION 10. DAYS AND HOURS OF WORK

10.1 Workweek

(a) The workweek and hours of work are determined solely by the City. The normal workweek for employees in this unit shall consist of five (5) consecutive eight (8) hour days or a minimum total of forty (40) hours. Where needs of a department require deviations (as determined by the Department Head) from the present schedule, the Department Head may institute alternate work schedules.

(b) The department will (except in emergency situations) provide a ten (10) working day notice (prior to implementation) of any workweek and/or hours changes.

(c) Asparagus Festival Work Schedule. Employees assigned to work at City facilities within the designated "footprint area" of the Asparagus Festival may work any of the following work schedules during the Asparagus Festival:

(1) Option 1: Baseline Work Schedule.

Monday	Tuesday	Wednesday	Thursday	Friday
7:30am-5:30pm	7:30am-5:30pm	7:30am-5:30pm	7:30am-5:30pm	7:30am-11:30am OR 8:00am-12:00pm
9-hours paid time 1-hour unpaid	9-hours paid time 1-hour unpaid	9-hours paid time 1-hour unpaid	9-hours paid time 1-hour unpaid	4-hours paid time

Monday	Tuesday	Wednesday	Thursday	Friday
8:00am-5:30pm	8:00am-5:30pm	8:00am-5:30pm	8:00am-5:30pm	7:30am-11:30am OR 8:00am-12:00pm
9-hours paid time 1/2-hour unpaid	9-hours paid time 1/2-hour unpaid	9-hours paid time 1/2-hour unpaid	9-hours paid time 1/2-hour unpaid	4-hours paid time

(2) Option 2: Four Tens Work Schedule with Friday off.

Monday	Tuesday	Wednesday	Thursday	Friday
7:00am-6:00pm OR 8:00am-7:00pm	7:00am-6:00pm OR 8:00am-7:00pm	7:00am-6:00pm OR 8:00am-7:00pm	7:00am-6:00pm OR 8:00am-7:00pm	**OFF DAY**
10-hours paid time 1-hour unpaid	10-hours paid time 1-hour unpaid	10-hours paid time 1-hour unpaid	10-hours paid time 1-hour unpaid	0

Monday	Tuesday	Wednesday	Thursday	Friday
7:00am-5:30pm OR 8:00am-6:30pm	7:00am-5:30pm OR 8:00am-6:30pm	7:00am-5:30pm OR 8:00am-6:30pm	7:00am-5:30pm OR 8:00am-6:30pm	**OFF DAY**
10-hours paid time 1/2-hour unpaid	10-hours paid time 1/2-hour unpaid	10-hours paid time 1/2-hour unpaid	10-hours paid time 1/2-hour unpaid	0

(3) Option 3: Vacation or Compensatory Time. The department head or designee may approve the use of vacation leave or compensatory time, and/or may approve any additional alternative schedule to formulate an acceptable 40-hour work schedule.

(4) Employee preferences among the above approved scheduling options during the Asparagus Festival will be considered and accommodated by the City unless infeasible. Employees must notify their department heads of their scheduling preferences through their line of supervision.

10.2 Work Furloughs

(a) 48 Furlough Hours in Fiscal Years 2012-2013 and 2013-2014. Each employee, except Fire Telecommunication Supervisors and Police Telecommunications Supervisors, shall be required to take forty-eight (48) furlough hours (leave from work without pay) between July 1, 2012 and June 30, 2013 and again between July 1, 2013 and June 30, 2014.

(b) Exception to Standard Furlough Days for Some Employees. Employees shall adhere to the standard work furlough days shown **in the City-wide calendar** ~~in Section 10.2, paragraph (c) herein above~~; except

where it is impracticable for certain City departments or operations ~~(such as Police Telecommunication Supervisors, Fire Telecommunication Supervisors, and other public safety and essential services functions)~~. In such cases, ~~eighty (80)~~ furlough hours must be scheduled between the employee and his/her manager or supervisor and the employee must use ~~eighty (80)~~ furlough hours no later than June 30, **of each corresponding fiscal year** ~~2009.~~

(c) Equalized Payroll Deductions. Payroll deductions for the forty-eight (48) furlough hours in Fiscal Years 2012-2013 and 2013-2014 shall be equalized so that each bargaining unit employee shall have two (2) hours at the employee's regular hourly rate of pay deducted from each of the twenty-four (24) pay warrants in Fiscal Year 2012-2013 and Fiscal Year 2013-2014. The City shall publish and provide the citywide Furlough Schedule in June 2012 for the fiscal year 2012-2013 and June 2013 for the fiscal year 2013-2014.

~~(f)~~ (d) Health and Welfare and Other Benefits Not Affected. Notwithstanding the occurrence of furloughs, Association members shall continue to receive the full amount and application of all fringe benefits including, without limitation and by way of illustration, City contribution to health and welfare benefits, accrued vacation leave, accrued sick leave, etc.

(e) Separation from City Service before July 7, 2013 Any B&C represented employee who separates from City service before the final 2 hour furlough deduction on July 7, 2013, and after having used furlough hours shall have his or her final compensation reduced by the sum of the number of furlough hours the employee has actually used minus the number of furlough hours actually deducted from the employee's pay warrants multiplied by the employee's regular rate of pay. Conversely, any employee who separates from City service before July 7, 2013, having suffered furlough deductions in excess of the actual number of furlough hours the employee has used shall have his or her final compensation credited by a like amount.

~~(a) 80 Furlough Hours in Fiscal Year 2008-2009. Each employee shall take eighty (80) furlough hours between October 22, 2008, and June 30, 2009, in accordance with (c) and (d) of this section.~~

~~. Payroll deductions for the eighty (80) furlough hours described in section~~

10.2, paragraph (a) herein above shall be equalized so that each employee shall have 4.444 hours at the employee's regular hourly rate of pay deducted from each of the following eighteen (18) pay warrants: October 22, 2008; November 7, 2008; November 22, 2008; December 7, 2008; December 22, 2008; January 7, 2009; January 22, 2009; February 7, 2009; February 22, 2009; March 7, 2009; March 22, 2009; April 7, 2009; April 22, 2009; May 7, 2009; May 22, 2009; June 7, 2009; June 22, 2009; and July 7, 2009.

(c) Standard Furlough Days. Except as provided in 10.2(d) herein below, each employee shall take the following furlough days:

(1) Monday, November 10, 2008;
(2) Monday, November 24, 2008;
(3) Tuesday, November 25, 2008;
(4) Wednesday, November 26, 2008;
(5) Wednesday, December 24, 2008;
(6) Friday, December 26, 2008;
(7) Monday, December 29, 2008;
(8) Tuesday, December 30, 2008;
(9) Wednesday, December 31, 2008; and
(10) Friday, January 2, 2009.

(e) Maximum Vacation Carryover due to Furlough Occurrences. In the event the vacation scheduling of eighty (80) furlough hours causes any Association member to exceed the maximum vacation carryover provisions pursuant to Section 9.1 (c) and 9.2 (c), of this Memorandum, such employee shall be allowed to carryover into the 2009 calendar year the equivalent number of vacation hours not used as a result of the furlough occurrence to ensure that the employee is not adversely affected. To the extent any employee exceeds the maximum carryover provisions of Section 9.1 (c), 9.2 (c), of this Memorandum for the 2010 calendar year, such hours shall be automatically cashed out on an hour-for-hour basis at the end of the 2010 calendar year.

(g) Separation from City Service before July 7, 2009. Any employee who separates from City service before the final 4.444 hour furlough deduction on July 7, 2009, and after having used furlough hours shall have his or her final compensation reduced by the sum of the number of furlough hours the employee has actually used minus the number of furlough hours actually deducted from the employee's pay warrants multiplied by the employee's regular hourly rate of pay. Conversely, any employee who separates from City service before July 7, 2009, having suffered furlough

~~deductions in excess of the actual number of furlough hours the employee has used shall have his or her final compensation credited by a like amount.~~

~~(h) Up to 96 Furlough Hours in Fiscal Year 2009-2010. Each employee shall be required to schedule and take up to ninety-six (96) furlough hours between July 1, 2009, and June 30, 2010, in the event the City's revenue growth assumptions in the General Fund are 2.5% or less. Payroll deductions for the ninety-six (96) furlough hours in Fiscal Year 2009-2010, if implemented, shall be equalized in the same manner as furlough deductions for Fiscal Year 2008-09 so that each employee shall have up to 4 hours at the employee's regular hourly rate of pay deducted from each of the twenty-four (24) pay warrants in Fiscal Year 2009-2010. The City and the Association shall meet and confer to develop the furlough calendar for Fiscal Year 2009-2010.~~

~~(i)~~ **~~96 Furlough Hours in Fiscal Year 2010-2011. Each employee shall be required to take ninety-six (96) furlough hours (leave from work without pay) between July 1, 2010, and June 30, 2011. Payroll deductions for the ninety-six (96) furlough hours in Fiscal Year 2010-2011 shall be equalized in the same manner as furlough deductions for Fiscal Years 2009-2010 so that each bargaining unit employee shall have 4 hours at the employee's regular hourly rate of pay deducted from each of the twenty-four (24) pay warrants in Fiscal Year 2010-2011. The City and B&C shall meet and confer to develop the furlough calendar for Fiscal Year 2010-2011, which shall be substantially the same as Fiscal Year 2009-10.~~**

~~[ADDED BY JUNE 8, 2010 SIDELETTER]~~

~~(j)~~ **~~Separation from City Service before July 7, 2011. Any B&C represented employee who separates from City service before the final 4 hour furlough deduction on July 7, 2011, and after having used furlough hours shall have his or her final compensation reduced by the sum of the number of furlough hours the employee has actually used minus the number of furlough hours actually deducted from the employee's pay warrants multiplied by the employee's regular rate of pay. Conversely, any employee who separates from City service before July 7, 2011, having suffered furlough deductions in excess of the actual number of furlough hours the employee has used shall have his or her final compensation credited by a like amount.~~**

~~[ADDED BY JUNE 8, 2010 SIDELETTER]~~

~~(k) 96 Furlough Hours in Fiscal Year 2011-2012. Each employee shall be required to take ninety-six (96) furlough hours (leave from work without pay) between July 1, 2011, and June 30, 2012.~~

~~Payroll deductions for the ninety-six (96) furlough hours in Fiscal Year 2011-2012 shall be equalized in the same manner as furlough deductions for Fiscal Years 2009-2010 and 2010-2011, so that each bargaining unit employee shall have 4 hours at the employee's regular hourly rate of pay deducted from each of the twenty-four (24) pay warrants in Fiscal Year 2011-2012. The furlough calendar for Fiscal Year 2011-2012 will be substantially the same as Fiscal Year 2010-2011.~~

~~[ADDED BY June 2011 SIDELETTER]~~

~~(l) Separation from City Service before July 7, 2012. Any B&C represented employee who separates from City service before the final 4 hour furlough deduction on July 7, 2012, and after having used furlough hours shall have his or her final compensation reduced by the sum of the number of furlough hours the employee has actually used minues the number of furlough hours actually deducted from the employee's pay warrants multiplied by the employee's regular rate of pay. Conversely, any employee who separates from City service before July 7, 2012, having suffered furlough deductions in excess of the actual number of furlough hours the employee has used shall have his or her final compensation credited by a like amount.~~

~~[ADDED BY June 2011 SIDELETTER]~~

(I) SECTION 11. OVERTIME

11.1 Eligibility

(a) Mid-Management Level employees do not receive overtime. Mid-Management Level employees in this unit are salaried employees who work whatever time necessary to accomplish duties of their assigned position.

(b) Supervisory Level employees will receive overtime at the appropriate rate when authorized in writing by the Department Head prior to the overtime worked. **The following provisions pertaining to authorized statutorily required overtime work shall apply to non FLSA exempt employees whose normal work period is eight (8) hours per day and forty (40) hours per week, or (10) hours per day and forty (40) hours per week:**

(1) ~~The overtime rate as used in the Memorandum of Understanding means one and one-half (1-1/2) times the employee's regular rate of pay.~~ **Statutory overtime shall be paid on actual time worked in excess of forty (40) hours in any workweek. Such overtime shall be paid for at time and one-half (1-1/2) including employees employed on a per hour or per day basis or except as provided elsewhere herein. Furlough hours shall be considered as actual time. Sick leave, vacation, holiday, or other time taken as compensated time off shall not be considered as actual time worked.**

(2) Employees assigned to an alternate work schedule (e.g. 4/10, 9/80, etc.) shall be compensated at the overtime rate for all time worked in excess of their regularly scheduled hours.

(3) Fire Telecommunications Supervisors assigned to a 56-hour workweek shall be compensated at the overtime rate for all time worked in excess of 56 hours in a seven (7) day workweek.

(4) Except as otherwise provided in section 12, employees shall be paid for a regular day plus time and one-half (1-1/2) for actual time worked on a holiday observed by the City, ~~not to exceed eight (8) hours including employees employed on a per-hour or per-days basis~~.

~~(5) Except as otherwise provided in section 12, any time worked on a holiday observed by the City in excess of eight (8) hours shall be paid for at double time and one-half (2-1/2) except for employees on a per hour or per day basis.~~

(6) ~~Use of vacation leave, sick leave, and other paid leaves shall count as time worked~~

11.2 Compensatory Time Off (CTO)

(a) Definition. As used in this Section, the term Compensatory Time Off (CTO) refers to that time which an employee is entitled to be absent from duty with pay for hours worked in addition to or excess of their normal work schedule. For the purpose of this Section, Compensatory Time shall apply only to Supervisory Level employees.

(b) CTO in Lieu of Overtime Compensation. Except Fire Telecommunications Supervisors assigned to a 56-hour workweek, employees may voluntarily elect to receive overtime compensation in the form of CTO at the rate one and one-half (1-1/2) hours of CTO for each hour of overtime worked in excess of forty (40) hours in a seven (7) day work period, for which the employee is in a paid status.

(c) Use. Use of CTO shall be scheduled with due consideration for the wishes of the employee and so as to not interfere with the normal operation of City business. Approval of requests for use of CTO shall be at the sole discretion of the department head, but once approved, cannot be changed unless an emergency situation arises.

(d) Maximum Accrual. No more than one-hundred (100) hours of CTO may be carried on the books at any time, except Fire Telecommunications Supervisors assigned to a 56-hour workweek who may not accrue CTO. Once one hundred (100) hours of CTO is accrued on the books, all other hours worked in excess of forty (40) hours in a seven (7) day work period will automatically be paid to the employee. At the end of each calendar year, all CTO will be carried forward (forty (40) hours maximum), unless the employee elects to have the compensatory balance paid. Carryover CTO cannot exceed the forty (40) hours maximum.

Any CTO balance in excess of forty (40) hours remaining at the end of calendar year will automatically be paid to the employee.

(e) Elimination of CTO for Fire Tecommunications Supervisors. Effective January 1, 2009, Fire Telecommunications Supervisors assigned to a 56-hour workweek shall no longer accrue or use CTO and shall be paid at their regular rate of pay for all accrued and unused CTO hours on or about January 7, 2009; provided, however, any Fire Telecommunications Supervisors having any approved leave request(s) for CTO for time off work through January 31, 2009, shall be permitted to use the approved

CTO leave.

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SECTION 12. HOLIDAYS

12.1 Holidays Observed by the City: (Mid-Management/Supervisory Level)

(a) **All regular employees, excluding provisional and temporary employees, shall be entitled to take all authorized holidays at full pay not to exceed eight (8) hours for any one (1) holiday.** ~~Employees shall receive the following observed holidays:~~

Observed	Holiday
(1) January 1	New Year's Day
(2) Third Monday in January	Martin Luther King Jr's., Birthday
(3) Second Monday in February	Lincoln's Birthday
(4) Third Monday in February	Washington's Birthday
(5) March 31 (FLOATING)	Cesar Chavez Day
(6) Last Monday in May	Memorial Day
(7) July 4	Independence Day
(8) First Monday in September	Labor Day
(9) Second Monday in October	Columbus Day
(10) November 11	Veteran's Day
(11) Fourth Thursday in November	Thanksgiving
(12) The Friday after Thanksgiving	
(13) December 25	Christmas Day
~~(14) Employees' Birthday~~	

FLOATING holiday to be taken with ninety (90) work days on or after the observed holiday.

~~(b) In addition, a day appointed by the President or Governor, as a public holiday shall be observed if adopted by the Stockton City Council.~~

~~(c) In the event a day appointed by the President or Governor as a public holiday is not adopted by the Stockton City Council pursuant to the above paragraph, the City Manager may, at his discretion, determine that certain City employees will be not be required to work that day, but that certain City offices will remain open at a minimal staffing level. If the City Manager makes such a determination, such staffing shall be at the discretion of the Department Head. Employees who are required to work on that day will earn a "float" day off, to be taken at a time approved, in advance, by the Department Head. The "float" day off must be taken within ninety (90) workdays from the date of the minimally staffed workday. Employees not regularly scheduled to work on that date will have an equivalent number of hours added to their vacation accrual balance.~~

~~(d) Birthday Holiday Leave. The department head with due consideration for the wishes of the employee may authorize the birthday holiday to be taken within ninety (90) work days on or after the employee's birthday.~~

~~(e)~~**(b)** ~~For employees in the Police Department on a 4/10 work schedule, a holiday will be worth ten (10) hours for the purposes of compensation, until such time the City, in its sole discretion, determines that it is worth eight (8) hours~~.

~~(f)~~**(c)** Police Telecommunications Supervisors assigned to shifts (phase days) shall receive, in addition to their normal compensation, one day's pay for each of the holidays listed in 12.1 (a) above, on which the employee does not work, except for ~~the employee's birthday and~~ floating holiday(s). Such employees required to work a holiday on a hire-back basis, shall be compensated at time and one-half (1½), in addition to their normal compensation (~~10~~ **8** hours) and paid holiday (~~10~~ **8** hours). Such employees required to work a holiday on a regularly scheduled basis shall be compensated at time and one-half (1½) overtime in addition to their normal compensation (~~10~~ **8** hours). The maximum additional compensation subject to CalPERS for working the holiday will be twenty (20) hours.

~~(g)~~**(d)** Fire Telecommunications Supervisors assigned to a 56-hour workweek shall receive, in addition to their normal compensation, one ~~24~~8-hour shift's pay for each of the holidays listed in 12.1 (a) above ~~at the rate of 28 hours per month~~ regardless of whether the Fire Telecommunications Supervisor actually works on any or all of the listed holidays. Additionally, Fire Telecommunications Supervisors shall be compensated at the overtime rate for all time actually worked on a holiday (excluding the ~~birthday holiday and~~ floating holiday~~(s)~~). ~~The provisions of this section 12.1(e) shall be effective January 1, 2009.~~

For employees on a Monday through Friday workweek, if holidays fall on a Sunday, the following Monday shall be observed. If holidays fall on Saturday, the preceding Friday shall be observed.

12.2 Holiday Cash Out Upon Separation

When an employee is separated from the service between February 17, 2012 and July 1, 2014, the employee's remaining holiday allowance, if any, shall be paid as follows:

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(a) Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated holiday hours.

(b) On the one year anniversary of employee's separation, he/shall shall receive the second payment of one third (1/3) or $10,000, whichever is greater of the balance of his/her unused accumulated holiday hours.

(c) On the second year anniversary of employee's separation he/she shall receive payment for the balance of the unpaid accumulated holiday hours.

(d) Employees who are involuntarily separated shall have their remaining holiday allowance, if any, added to his/her final compensation.

SECTION 13. COMPENSATION AND ALLOWANCES OTHER THAN BASE SALARY

13.1 Retirement Contribution Supplement

(a) **For employees hired on or before June 30, 2011,** ~~T~~the City will pay **the Employer Paid Member Contribution of** seven percent (7%) of the Mid-Management/Supervisory Level employees' current base salary and other compensation as qualified by State law towards the Public Employees' Retirement System (~~P.E.R.S~~CalPERS). Such amounts will be applied to the employee's individual account in accordance with P.E.R.S. California Government Code Section 20615. **Employees hired on or after July 1, 2011 will pay the seven percent (7%) employee contribution towards CalPERS.**

Effective August 1, 2011, employees hired on or before June 30, 2011 will pay seven percent (7%) of the Employer's share towards the CalPERS benefit. This employees contribution will be made on a post-tax basis, unless the City obtains a ruling from the I.R.S. that these contributions can be made on a pre-tax basis.

(b) **For Employees hired on or before June 30, 2011,** ~~T~~**the City's** ~~**P.E.R.S**~~**CalPERS retirement plan is modified to reflect two percent (2%) at age 55, effective January 1993. Effective on or after July 1, 2011, or as soon as administratively feasible, the City of Stockton shall amend its contract with CalPERS in order to provide a second-tier CalPERS retirement plan with the 2% at 60 formula for all employees hired thereafter in all applicable classifications within the B & C unit, without inclusion of the additional benefits listed below in sections (c), (d), (e), (f), and (g).**

(c) **For Employees hired on or before June 30, 2011,** ~~T~~the City will provide military service credit pursuant to the provisions of P.E.R.S. California Government Code Section 20930.3 and Section 20930.33, at the employee's expense, upon adoption by Stockton City Council and ~~P.E.R.S~~**CalPERS** Administration Board.

(d) **For Employees hired on or before June 30, 2011,** ~~T~~the City will provide P.E.R.S. California Government Code Section 20615.5 (Employer Paid Member Contributions Converted to Payrate During the Final Compensation Period) as added ~~P.E.R.S~~**CalPERS** benefits. At the beginning of employee's last year of employment, the employee will pay their employees' seven percent (7%) benefit cost through an automatic payroll deduction. The City will increase the base salary for those employees by the same seven percent (7%) for the last twelve (12)

months of employment. Internal Revenue Service (IRS) Code 414H (2) will be concurrently implemented with P.E.R.S. California Government Code Section 20615.5, effective upon adoption by the Stockton City Council and ~~P.E.R.S~~**CalPERS** Administration Board.

(e) **For Employees hired on or before June 30, 2011,** ~~T~~the City will provide P.E.R.S. California Government Code Section 20965 (Credit for Unused Sick Leave) as added ~~P.E.R.S~~CalPERS benefits, to be effective upon adoption by the Stockton City Council and ~~P.E.R.S~~**CalPERS** Administration Board.

(f) **For Employees hired on or before June 30, 2011,** ~~T~~the City will provide P.E.R.S. California Government Code Section 21382.5 (Fourth Level of 1959 Survivor Benefits) as added P.E.R.S. benefits, to be effective upon adoption by the Stockton City Council and ~~P.E.R.S~~**CalPERS** Administration Board.

(g) For Employees hired on or before June 30, 2011,~~T~~the City will provide P.E.R.S. California Government Code Section 21335 (up to five percent 5.0% Annual Cost of Living Allowance Increase) as added ~~P.E.R.S~~CalPERS benefits, to be effective upon adoption by the Stockton City Council and ~~P.E.R.S~~CalPERS Administration Board.

~~(h) Reopener. The City and the Association agree to reopen Section 13.1 (b) in year 2011 to discuss providing an enhanced miscellaneous retirement formula to employees (e.g. CalPERS 2.7% at age 55, 3% at age 60, etc.). If the parties fail to reach an agreement, the existing provisions of Section 13.1 (b) shall remain unchanged.~~

[July 2011 Sideletter]

13.2 Uniform Allowance

(a) Employees in the following classifications who are required to wear uniforms shall be paid an annual uniform allowance of six-hundred and fifty dollars ($650.00), one-half payable in April and one-half payable in October.

(1) Fire Telecommunications Supervisor;
(2) Police Telecommunications Supervisor;
(3) Property Room Supervisor;
(4) Senior Police Telecommunications Supervisor; and
(5) Supervising Police Records Assistant.

(b) Employees in the following classifications who are required to wear uniforms shall be paid an annual uniform allowance of seven hundred dollars ($700.00), one-half payable in April and one-half payable in October.

(1) Animal Services Supervisor; and
(2) Supervising Evidence Technician.

(c) Employees in the following classifications who are required to wear uniforms shall be paid an annual uniform allowance of seven hundred and twenty-five dollars ($725.00), one-half payable in April and one-half payable in October.

(1) Senior Community Service Officer.

(d) The City shall increase the amount contributed for annual uniform allowance to all of the above classifications in section 13.2 (a), (b), and (c) by fifty dollars ($50.00) effective July 1st of each fiscal year.

(e) Safety Protective Footwear Reimbursement. Employees required to wear safety protective footwear in accordance with City Manager's Administrative Directive HR-034, and approved for safety protective footwear reimbursement, the City will authorize safety protective footwear reimbursement in the amount of one hundred sixty dollars ($160.00).

13.3 Public Employees' Retirement System (P.E.R.S.)

The City shall contribute an amount required by the Public Employees' Retirement System (P.E.R.S.) to retain the present Retirement Program.

~~**13.4 Deferred Compensation**~~

~~(a) The City will provide at no cost to the employee, deferred compensation as a supplement to voluntary deferred compensation plans, if any, for which the individual employee may be eligible.~~

~~(b) Effective July 1, 2012, the City shall contribute a total of one and one-half percent (1.5%) of the employee's current base salary to the employee's deferred compensation account.~~

~~(c) Effective July 1, 2013, the City shall contribute an additional one-half percent (0.5%) for a total of two half percent (2.0%) of the employee's current base salary to the employee's deferred compensation account.~~

13.5 Mileage Reimbursement for Private Vehicle Use

Mid-Management/Supervisory Level employees who use their own vehicle on City business on a consistent and repetitive basis will be compensated at the current Internal Revenue Service (IRS) rate and in accordance with the City Manager's Administrative Directive, MAN-16, Section III. B.

~~13.6 Educational Incentive Pay~~

~~(a) Educational Incentive Pay shall be available for employees hired after April 16, 2000, who have completed twelve (12) months of continuous employment.~~

~~(b) Employees with degrees/diplomas above and beyond that is required of their position shall be provided 3% of the top step of the position. Employees are limited to no more than 3% regardless of the number of degrees/diplomas above that required of the position. If the employee promotes to a position, which matches his/her diploma/degree, the 3% will no longer be paid. Experience may not substitute for education. Other formal education/training programs may substitute for the actual degree/diploma.~~

~~(c) For employees in a classification requiring a Masters degree, those employees who possess double Masters will be eligible for three percent (3%) education incentive pay.~~

[July 2011 Sideletter]

13.7 **Longevity Pay**

(a) **Effective August 1, 2011, longevity pay shall be eliminated.** The City, **however,** shall **grandfather** ~~pay each~~ employees who **have** completeds twelve (12) continuous years of service with the City **as of July 1, 2012, with** two and one-half percent (2.5%) of the top salary step of the employee's pay range to the employee as a professional growth.

As of July 1, 2012, longevity incentive pay allowance for these "grandfathered" employees shall be reduced to one and one-quarter percent (1.25%). As of June 30, 2013, longevity incentive pay allowance for these grandfathered employees shall be eliminated altogether.

~~(b) Reopener. The City and the Association agree to reopen Section 13.7 (a) in year 2011 to discuss modifying the compensation for longevity pay. If the parties fail to reach an agreement, the existing provisions of Section 13.7 (a) shall remain unchanged.~~

13.8 Call Back Pay

(a) Supervisors only who are called back to work shall be compensated at least two (2) hours and forty-five (45) minutes pay at time and one half (1-1/2) times his/her hourly rate of pay or for all time actually worked at time and one half (1-1/2) times his/her hourly rate of pay, **if eligible for overtime as defined in Section 13.9 below,** whichever is greater.

(b) To be eligible for call back pay, both of the following conditions must be met: 1) the call back must occur outside of the employee's regular work hours including overtime, 2) the call back time worked must not be contiguous to the employee's regular work hours including overtime~~.~~ **and (3) an employee is ineligible to receive a premium for both standby and call back. For example, employee shall not receive standby pay for hours in which they are paid overtime or call back pay.**

13.9 Standby Duty Pay

Supervisors only who are directed to remain on standby duty during their regular days off shall be paid **$3.00 per hour while assigned to be on standby. An employee shall earn time and one-half (1-1/2) for all actual time worked**

while on standby duty status only if eligible for overtime as defined in Section 15.4 above. An employee shall not continue to receive the "standby" premium during actual time worked, or for any hours paid as overtime or call back. Standby shall not be considered as time in "paid status because of work performed" for purposes of calculating overtime. ~~at the rate of four (4) hours pay at regular time or compensatory time off for each twenty-four (24) hours of standby duty plus one and one-half (1-1/2) time for all time which said supervisors are required to work during such assignment. Standby duty of less than twenty-four (24) hours shall be prorated to the equivalent of four (4) hours pay at regular time.~~

13.10 Bilingual Pay

Job positions determined by the Department Head requiring bilingual translation skills shall receive a stipend amount of $140.00 per month for verbal translation skills, or $200.00 per month for verbal and written translation skills upon testing and certification by the Human Resources Department.

SECTION 14. INSURANCE PLANS

14.1 Health and Welfare Benefits

~~(a) The City will provide Mid-Management/Supervisory Level employees with a comprehensive health, dental/orthodontic, vision and prescription insurance program, as designated by the City of Stockton. The premiums for these coverages for employees and their eligible dependents shall be paid by the City for the term of this Memorandum of Understanding.~~

~~(b) Effective July 1, 1993, the medical plan is the City's Modified Employee Medical Plan, as amended on February 1, 2008, which is attached as Appendix A and incorporated by this reference.~~

~~(c) Effective January 1, 1997, the City will continue the above-stated medical coverage benefits for spouse and eligible dependents upon the death of an employee while employed with the City of Stockton. At age sixty-five (65), the spouse's City medical coverage shall be secondary (supplemental) to Medicare.~~

~~(d) Effective January 1, 1997, the lifetime orthodontic maximum is TWO THOUSAND DOLLARS ($2,000.00).~~

~~(e) Effective January 1, 2008, the annual dental maximum benefit is ONE THOUSAND FOUR HUNDRED DOLLARS ($1,400.00).~~

~~(f) Beginning January 1, 2009, the Association agrees to participate in a joint labor-management committee to develop strategies to reduce the City's healthcare costs while maintaining access to quality healthcare.~~

~~(g) Reopener. The City and Association shall meet and confer in calendar year 2011 to discuss an employee contribution toward Health, Dental, Vision and Prescription Benefits provided under Section 14.1. If the parties fail to reach agreement, the existing provision of Section 14.1 shall remain unchanged.~~

(a) Choice of Health Plans. Employees in this bargaining unit shall have a choice of enrolling themselves and their eligible dependents in any of the City sponsored medical, dental and vision plans. Each plan shall offer an Employee only, Employee plus One and Employee plus two or more dependants coverage. The City shall offer two or more medical plans to regular employees.

(b) Eligibility. Employees shall become eligible for Medical insurance on the first day of the month subsequent to completion of

thirty (30) days of continuous service with the City. Employees shall become eligible for Dental insurance on the first day of the month subsequent to completion of sixty (60) days continuous service with the City. An eligible employee and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/registered domestic partner or another eligible City employee, but not both. If an employee is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee plan (i.e., an employee and his or her dependent cannot be covered by more than one City-offered health plan).

(c) City Contribution towards the cost of insurance programs. Effective September 1, 2011:

The City shall contribute up to $481.00 per month toward the cost of the monthly premium for employee-only medical/dental/vision plan coverage.

The City shall contribute up to $875.00 per month toward the cost of the monthly premium for employee plus one dependent medical/dental/vision plan coverage.

The City shall contribute up to $1,165.00 per month toward the cost of the monthly premium for employee plus two or more dependents medical/dental/vision plan coverage.

These contributions are based on full-time employment; regular part-time employees shall receive a prorated contribution based on their percentage of full-time employment. Insurance plan premiums that exceed the City's monthly contribution shall be paid by the employee through payroll deductions. The City shall maintain its IRS 125 Plan to allow for employee contributions for medical/visions/dental to be pre-tax premium conversion.

(d) Plan Rules. Employees may insure themselves and their eligible dependents under the medical, vision and dental plans provided by the City, in accordance with the rules and regulations applicable to the selected Plan. Benefits in the Plan shall be in accordance with the Plan document.

(e) Provisional and temporary employees are not eligible for any of the above benefits.

(f) Employees agree to the implementation of the modifications to the City's Modified Plan, which is referred to in this MOU as "Modified Employee Medical Plan." Modifications to the City's Modified Plan shall be effective September 1, 2011.

14.2 Group Life Insurance Coverage

Effective July 1, 2012, the City shall provide, at no cost to the employee, term life insurance policy with a value of $50,000.

~~(a) Mid-Management Level employees will receive life insurance coverage equal to two and three-quarter (2.75) times their annual salary.~~

~~(b) Supervisory Level employees will receive life insurance coverage equal to two (2) times their annual salary. In all instances, coverage will be rounded to the nearest ONE THOUSAND DOLLARS ($1,000).~~

14.3 Long Term Disability Insurance Coverage

Mid-Management/Supervisory Level employees will receive long term disability insurance coverage. ~~Essentially, this is an income protection plan, which provides disability income for Mid-Management/Supervisory Level employees including:~~**Plan benefits shall be as describe in the Plan document, but shall include:**

(a) Each disability - approximately 66 2/3% of salary **up to the maximum salary replacement amount as specified in the City's long term disability plan**.

(b) A ~~30-day~~ **90-day** waiting period before eligibility for benefit. **Employees may use sick leave and other leave balances to cover this waiting period, or leave without pay.**

(c) Benefit payable until age sixty-five (65).

(d) **The City shall continue its normal contribution for employee medical premiums during the ninety (90) days waiting period.**

~~14.4 Retirement Medical Allowance for Employees Hired Prior to January 1, 2009~~

(a) ~~The City will contribute all premiums necessary~~ **under the City's**

Modified Plan, which includes changes to the City's Modified Plan effective September 1, 2011, for the purpose of providing hospital-medical and prescription benefits for each City employee who has retired. Such coverage shall include one (1) dependent and shall be determined by the eligible date noted below.

(1) Normal Service Retirement

Eligibility for the allowance provided by this Section is limited to employees who have retired subsequent to April 1, 1983, and who have retired at age fifty (50) or later. Such allowance shall terminate at age sixty-five (65).

(2) Disability Retirement

Eligibility for the allowance provided by this Section is limited to employees who have retired subsequent to April 1, 1983, and such allowance shall be limited to a maximum of fifteen (15) years or the attainment of age sixty-five (65), whichever occurs first.

(b) Major Medical Deductible

The major medical deductible will be ONE HUNDRED DOLLARS ($100) per person for those individuals who retired prior to January 1, 1993, and had retiree medical coverage under the original City Employee Medical Plan.

(c) Prescription Coverage

Prescription coverage will be provided for retirees.

14.6 Defined Contribution for Retiree Medical for Employees Hired on or After January 1, 2009

(a) Employees hired on or after January 1, 2009, shall have retiree health benefits provided under a City-established defined contribution Retiree Medical Trust ("Trust").

(b) Employees hired on or after January 1, 2009, shall contribute three percent (3%) of their base salary to the Trust. Additionally, the City shall contribute to the Trust an amount equal to two percent (2%) of the employee's base salary. Thus, the combined total of the City and the employee contribution to the Trust shall be five percent (5%).

~~(c) Employees hired on or after January 1, 2009, the amount of any distribution will depend entirely on the amount of the employee and City contributions and the terms of the Trust.~~

~~(d) Employees hired on or after January 1, 2009, shall not be eligible for either the regular Retiree Medical Allowance (to age 65) or the Supplemental Allowance (after age 65) as set forth in section 14.4 (a), (b), (c) and section 14.5 of this Memorandum of Understanding.~~

14.7 ~~Retiree Medical Trust for Unit Members Hired on or After January 1, 2009~~

~~(a) As soon as practicable, after January 1, 2009, the City shall establish a Retiree Medical Trust ("Trust") that will be governed by Trustees selected by the Association and the City for purposes of receiving employee and City contributions, and for paying a monthly distribution to the City's health plan to subsidize premiums on behalf of eligible retirees.~~

~~(b) The City will seek an IRS ruling so that employee and City contributions will be pre-tax, including the contribution of employee accrued sick leave pay-off. The City will also seek tax-exempt status for the Trust's earnings and the benefits paid from the Trust.~~

14.4 Retiree Medical Allowance for Employees hired on or before June 30, 2011

a. Eligibility: An eligible retiree and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/registered domestic partner or another eligible City employee/retiree, but not both. If an employee/retiree is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee or retiree's plan (i.e., a retiree and his or her dependent cannot be covered by more than one City-offered health plan).

b. City Contribution for the period of July 1, 2012 through June 30, 2013. For employees hired on or before June 30, 2011, the City shall provide to employees retiring from the City the following contribution towards the costs of retiree medical insurance from July 1, 2012 through June 30, 2013.

a) Employees retiring with over 10 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $150 a month towards the cost of retiree medical insurance.

b) Employees retiring with over 20 years of full time service with the City of Stockton as a regular employee shall receive a City

contribution of $300 a month towards the cost of retiree medical insurance.

c) Employees retiring with over 30 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $450 a month towards the cost of retiree medical insurance

d) Employees with less than 10 years of service for the City shall not be eligibility for a city contribution towards retiree medical and may not be enrolled in the City sponsored plans.

e) Benefits for part time employees who retire are prorated based on their full time equivalent.

f) The City contributions shall end with the death of the retiree and no survivor benefits are provided.

g) Retirees who are enrolled in city-sponsored plans may not enroll their eligible dependents at their own expense.

The City's obligation for retiree medical benefits is to the retiree and shall end upon the death of the retiree. Surviving spouses shall not be eligible for any city paid benefit after the death of the city retiree. Any benefits previously paid to surviving spouses has been paid in error and without the approval of the City Council.

Effective June 30, 2013, the City shall no longer provide a contribution towards the cost of retiree medical insurance for current employees (future retirees) and current retirees. Retirees shall not be eligible to participate in the City's Medical Plans.

14.2 Alternative Retirement Medical Plans

The parties have negotiated that employees may choose to enroll in one or more additional health plans instead of the City Modified Plan (including but not limited to Kaiser Senior Advantage).

This language sets forth the conditions in which current employees, when they retire from the City and otherwise qualify for a retiree medical benefit from the City as stated in Sections 14.1 of this MOU, may also choose to enroll in City sponsored alternative plans in the same manner as when they were employees, as well as retiree only medical plans. The following conditions shall apply:

(a) If an employee is in a City sponsored alternative plan at the time of retirement, the employee shall be allowed to continue in that Plan. Employees in the union sponsored plans authorized by the City at

the time of retirement shall be allowed to continue in that Plan. (Operating Engineers units).

(b) Employees not in an alternative Plan at the time of retirement shall not be allowed to enroll in any alternative plan except that; any retiree may voluntarily enroll in a City sponsored retiree only Plan.

A retiree may only enroll in alternative plans other than the City Modified Plan when:

(a) The retiree selecting plans other than the City's Modified Plan must agree that the City's financial contribution to a premium payment for any other Plan shall not exceed the current contribution amount the City would pay if the retiree is enrolled in the City Modified Plan, and

(b) The individual retirees will be required to sign a form that indicates their agreement with these conditions.

The City reserves the right to eliminate these additional plans and the choice of multiple plans is not a vested right. Like the City Modified Plan, the City reserves the right to make plan design changes as necessary in these Alternative Plans.

14.3 Medicare Supplemental Coverage Requirements only for Employees Hired on or Before June 31, 2011.

The City reserves the right to terminate reimbursement payments for Part A Medicare coverage, in which event the retiree will receive the City's modified medical plan which includes medical design changes effective September 1, 2011 as the primary health coverage, with the premiums for such coverage to be paid by the City. The coverage provided pursuant to this section shall apply to the retiree and his/her spouse

Under the federal Health Care Reform Plan, sponsors may modify the medical benefits provided to retirees only. The City will modify its retiree health care plan to reflect the following:

(a) Return Plan benefits for Acupuncture to 12 visits per year (instead of unlimited) and returns the payment percentage paid to 60% (instead of 80%);

(b) Return Plan benefits for Alcohol and Drug Treatment admissions to 30 days and 3 lifetime admissions (instead of unlimited);

(c) Return Plan benefits for Outpatient Mental Health or Nervous Disorder services to 15 visit maximum (instead of unlimited);

(d) Change Plan benefits for Preventative care and wellness to 80% instead of current 100%;

(e) Return Plan benefits on the lifetime cap on plan benefits to $2.5 million (instead of unlimited);

(f) Return Plan benefits on the maximum age of dependent children to be enrolled in the Plan to age 19 unmarried, and not serving in the armed forces to 23 if attending school full time and qualifies as a dependent for federal income tax purposes.(instead of age 26); and

(g) Change Plan benefits for Emergency room benefits.

14.9 Elimination of Retiree Medical Benefits for Unit Members Hired on or after July 1, 2011

The City will not provide a retiree medical allowance, retiree medical supplement, a defined contribution, a retiree medical trust or any other retiree medical benefit for employees in this unit hired on or after July 1, 2011.

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SECTION 15. SALARY PLAN

15.1 Salary Adjustments

(a) ~~Effective on each of the following six (6) listed dates,~~ **In accordance with the table below,** ~~the~~ the City shall increase the salaries of all bargaining unit employees by a percentage based on the Revenue Growth Formula of ninety percent (90%) of the actual growth from the prior year in the City of Stockton's General Fund for: (1) property tax; (2) sales and use tax; (3) utility user tax; and (4) business license tax as determined by comparing the actual year-end amounts reported in the Comprehensive Annual Financial Reports (CAFRs) according to the following table; provided, however, that ~~each salary increase~~ **if a salary increase is provided as listed below, it** shall be not less than two and one-half percent (2.5%) and not more than seven percent (7.0%).

Date of Salary Increase	Fiscal Years Used to Determined Revenue Growth
July 1, 2009	90% of revenue growth from FY 2007-2008 compared to FY 2006-2007
July 1, 2010	~~90% of revenue growth from FY 2008-2009 compared to FY 2007-2008~~ **No salary increase on this date** [June 22, 2010 SIDELETTER]
July 1, 2011	~~90% of revenue growth from FY 2009-2010 compared to FY 2008-2009~~ **No salary increase on this date** [June 2011 SIDELETTER]
July 1, 2012	~~90% of revenue growth from FY 2010-2011 compared to FY 2009-2010~~ **No salary increase on this date**
~~July 1, 2013~~	~~90% of revenue growth from FY 2011-2012 compared to FY 2010-2011~~
~~June 30, 2014~~	~~90% of revenue growth from FY 2012-2013 compared to FY 2011-2012~~

(b) ~~The City agrees to notify the Association of any change in accounting procedures, legislative changes, and the like, that may materially affect the determination of growth in City revenues as described in Section 15.1(a), and to negotiate with the Association an agreed-upon Revenue Growth Formula should any such change occur.~~

(c) ~~In the event the City hereafter agrees to a higher percentage than ninety percent (90%) of any index for any other employee organization or group~~

~~for determination of salary adjustments, the City shall notify the Association and the higher percentage shall also apply to the Association when determining salary adjustments (*i.e.*, percentage increase shall match other labor groups).~~

~~(d) Reopener. The City and the Association agree to reopen in year 2011 this section 15.1 (a) to discuss the revenue growth formula used to determine across-the-board salary increases. If the parties fail to reach an agreement on any changes that may be proposed by either party, the existing provisions of section 15.1 (a) shall remain unchanged.~~

~~(e)~~**(b)** Effective July 1, 2009, salary adjustments shall no longer be fitted to the City of Stockton Salary Schedule Matrix, as set forth in the City of Stockton's Salary Schedule.

15.2 Salary Equivalents

Any monthly, daily or hourly rate of pay may be converted into any equivalent rate of pay or to any other time base when such a conversion is appropriate. In determining equivalent amounts on different time basis, the City shall provide tables or the regulations for the calculation of payment for service of less than full-time, and for use in converting monthly salaries to hourly rates, as well as for calculating hourly rates.

15.3 Salary Step after Military Leave

All employees who have been granted military leave shall, upon their return to the City service, be entitled to the automatic salary advancements within the range scale of the established wage schedule of their classifications for the period they were in the military service.

15.4 Salary Step when Salary Range is Increased

Whenever the monthly schedule of compensation for a class is revised, each incumbent in a position to which the revised schedule applies shall be entitled to the step in the revised range which corresponds to the employee's step held in the previous range, unless otherwise specifically provided by the Director of Human Resources.

15.5 Salary Step after Promotion or Demotion

When an employee is promoted from a position in one rank to a position in a higher rank and at the time of promotion is receiving a salary equal to, or greater than, the minimum rate for the higher rank, that employee shall be entitled to a step in the range of the higher rank which is at least five percent (5%) above the

rate the employee has been receiving, except that the next step shall not exceed the maximum salary of the higher rank. When an employee is demoted, whether such demotion is voluntary or otherwise, that employee's compensation shall be adjusted to the salary prescribed for the class to which demoted.

15.6 Salary On Reinstatement

If a former employee is reinstated in the same position previously held or to one carrying a similar salary range, his/her salary shall not be higher than his/her salary at the time of his/her separation unless there has been an increase within the salary range.

15.7 Acting Pay

An employee who is assigned in writing to work in a higher paid classification and who performs a majority of the duties of that higher position after five (5) days, shall receive the rate of pay in a step of the higher classification which would have been received if the employee had been promoted into that classification.

The increased rate of pay will commence with the first day of the assignment; however, to qualify the employee must meet the above conditions before being eligible for Acting Pay.

15.8 Pay Equity Adjustments

The City recognizes that there may be a need for special salary adjustments for selected classifications as a result of recruitment problems, reclassifications, and/or organizational changes. The City, in its sole discretion, may make such adjustments, but agrees to discuss with the Association.

15.9 Special Assignment Pay

The department head and with the concurrence of the Director of Human Resources may approve additional compensation in an amount not to exceed one additional salary step when an employee is assigned to perform additional duties and responsibilities for the duration of the special assignment.

15.10 Salary Survey Implementation

The salary recommendations contained in the Fiscal Year 2007 Classification and Compensation Survey shall be implemented in the following manner:

(a) Effective July 1, 2009, the City shall implement the results of the classification and compensation salary survey (Appendix B) by increasing the base salary of the affected classifications by seventy percent (70%) of the dollar amount shown on Appendix B.

(b) Effective July 1, 2010, the City shall further implement the results of the classification and compensation salary survey (Appendix B) by increasing the base salary of the affected classifications by the remaining thirty percent (30%) of the dollar amount shown on Appendix B.

(c) The City shall conduct a Classification and Compensation Study base on July 1, 2011, classification and compensation data; however, the City shall have no obligation to implement the survey data findings. The data gathered shall be used for information and discussion purposes between the City and the Association during the re-opener period in July 2011 of the labor agreement.

15.11 Emergency Medical Services (EMS) Dispatcher Accreditation Pay

(a) The City and the Association acknowledge that California Health and Safety Code section 1797.220 directs the local emergency medical services (EMS) agency to establish policies and procedures to assure medical control of the emergency medical system.

(b) The City and the Association acknowledge that as of July 1, 2008, the San Joaquin County EMS Agency requires all employees of agencies providing emergency medical dispatch (EMD) services to possess and maintain accreditation through San Joaquin County, to include compliance with EMS Agency and National Academies of Emergency Dispatch (NAED) policies, procedures, protocol, and standards. Fire Telecommunications Supervisors are among those employees represented by the Association who must acquire and maintain accreditation by the San Joaquin County EMS Agency as a condition of providing EMD services for the City.

(c) The City and the Association acknowledge that in the event the San Joaquin County EMS Agency rescinds the certification of any bargaining unit employee as a result of any dispute arising from the exercise of the power set forth in San Joaquin County EMS Agency Policy No. 2101 (or any successor or similar policy), the City will make every effort, insofar as practicable and fiscally responsible, to employ such persons in positions for which such employees are qualified or may become qualified within a reasonable period of time and that do not require accreditation by the San Joaquin County EMS Agency.

(d) Emergency Medical Services (EMS) Dispatcher Accreditation Pay. Effective January 1, 2009, the City shall compensate all Fire Telecommunications Supervisors who are accredited as San Joaquin County Emergency Medical Services Dispatchers an additional one-hundred seventy five dollars ($175) per month. If the employee fails to maintain the accreditation or if the accreditation is no longer required for the position, payment of the stipend shall cease.

(e) Continuing Education for Emergency Medical Dispatchers. The City shall provide to Fire Telecommunications Supervisors all necessary EMD continuing education during normal working hours and at no cost to the employee. However, employees who do not participate in the EMD training offered by the City during normal working hours shall be responsible to complete the necessary continuing education on their own time without additional compensation; provided, however, that all necessary ride-along hours shall be compensated as time worked.

SECTION 16. SEVERABILITY OF PROVISIONS

In the event that any provisions of this Memorandum of Understanding are declared by the court of competent jurisdiction to be illegal or unenforceable, that provision of the Memorandum of Understanding shall be null and void but such nullification shall not affect any other provisions of this Memorandum of Understanding, all of which other provisions shall remain in full force and effect.

SECTION 17. PAST PRACTICES AND EXISTING MEMORANDA OF UNDERSTANDING

Continuance of working conditions and practices not specifically authorized by ordinance or by resolution of the City Council is not guaranteed by this Memorandum of Understanding.

SECTION 18. SCOPE OF AGREEMENT

Except as otherwise specifically provided herein, this Memorandum of Understanding fully and completely incorporates the understanding of the parties hereto and constitutes the sole and entire agreement between the parties on any and all matters subject to meeting and conferring. ~~Neither party shall, during the term of this Memorandum of Understanding, demand any change therein nor shall either party be required to negotiate with respect to any matter; provided that nothing herein shall prohibit the parties from changing the terms of this Memorandum of Understanding by mutual agreement.~~

SECTION 19. DURATION OF AGREEMENT

All provisions of this Memorandum of Understanding shall be effective January 1, 2009, shall remain in full force and effect to and including the 30th day of June, ~~2014~~ **2013** and shall continue thereafter from year to year unless at least sixty (60) days prior to the expiration date of June 30, 2014, either party shall file written notice with the other of its desire to amend, modify, or terminate this Memorandum of Understanding.

SECTION 20. MAINTENANCE OF OPERATIONS/CITY RIGHTS

(a) It is recognized that the need for continued and uninterrupted operation of City services is of paramount importance. Therefore, the Association and each employee represented thereby agrees that from 12:01 a.m. of January 1, 2009, through and inclusive of June 30, 2014, the Association or any person acting in its behalf, or each employee in a classification represented by the Association shall not cause, authorize, engage in, encourage, or sanction a work stoppage, slowdown, refusal to operate designated equipment (provided such equipment is safe and sound), or picketing other than informational picketing, against the City or the individual or concerted failure to report for duty or abstinence from the full and faithful performance of the duties of employment, including compliance with the request of another labor organization or bargaining unit to engage in such activity in an attempt to induce a change in wages, hours and other terms and conditions of employment.

(b) An employee shall not be entitled to any wages or City paid benefits whatsoever if the City Council, by majority vote, determines to its satisfaction, that the employee is, or has, engaged in any activity prohibited by subsection (a) of this Section. The City may take other action, which it deems appropriate.

(c) If the City Council, by majority vote, determines to its satisfaction, that subsection (a) of this Section has been violated by the Association, the City may take such remedial action, as it deems appropriate.

(d) The Association recognizes the duty and obligation of its representatives and members to comply with the provisions toward inducing all employees in this unit to fully and faithfully perform their duties. In the event of any activity prohibited by subsection (a) hereinabove, the Association agrees to take supererogatory steps necessary to assure compliance with this Memorandum of Understanding.

(e) The rights of the City as set forth in Section 5 of Resolution No. 32,538, dated August 4, 1975, are incorporated herein by reference.

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IN WITNESS WHEREOF the parties hereto have executed this Memorandum of Understanding this _____ day of _____ 2008.

STOCKTON MANAGEMENT B & C ASSOCIATION

By: _____

Its: Business Representative

By: _____

Its: President

By: _____

Its: Member

By: _____

Its: Member

By: _____

Its: Member

CITY OF STOCKTON, a municipal corporation

By: _____
ALLYSON S. HAUCK
Its: Chief Negotiator for City

By: _____
TERESIA HAASE
Its: Director of Human Resources & Employee Relations Officer

By: _____

APPROVED AS TO FORM:

JOHN LUEBBERKE
CITY ATTORNEY

By: _____

Deputy City Attorney

Appendix A - City of Stockton's Modified Employee Medical Plan (Benefit Recap)

SERVICE	% PAID	DESCRIPTION
$2,000,000 Lifetime $ Maximum		
Deductible		$150.00 per person, per year ($450.00 per family)
Acupuncture	60%	Limited to 12 visits per calendar year.
Alcohol and Drug Treatment (Substance Abuse Benefit)	100% 75% 50%	Three residential treatment programs per lifetime per member, of up to 30 days each, as follows: 1st Admission: **100%**; 2nd Admission: **75%**; 3rd Admission: **50%**. Must initiate through the City's E.A.P. Program. For active & family members only, **not retirees**.
Ambulance	80%	Ground or Air.
Annual Physical/Preventive Care —Office Visit —Lab/Diagnostic	 80% 100%	Based on specific guidelines and services recommended by the physician. (80% office visit), (100% for lab/diagnostic).
Chiropractic Visits	80%	Of allowable amounts. Subject to utilization review.
Emergency Physician	100%	For surgery or for other approved emergency services. (Non-emergency illness 50%).
Emergency Room	100%	1st treatment of accident injury within 72 hours if health endangering or life threatening acute illness. Otherwise 50%.
Hearing Aids	80%	Lifetime max of $6,000 per member.
Home Health Care and Hospice	100%	Subject to Case Management.
Hospitalization	100%	Semi-private room rate. Pre-admit certification required if non-emergency. Concurrent utilization review required. If non-member hospital used in area where member hospitals are available (70%).
Inpatient Psychiatric	80%	
Other Covered Services/Supplies	varies	See Plan document for complete list.
Outpatient Mental or Nervous Disorder Treatment	80%	First 5 visits per year. 60% next 10 visits per year. (Maximum 15 visits per year. Must initiate through the City's E.A.P. Program.)
Outpatient Radiology/Lab	100%	Includes Preventive care: pap smear, mammogram, prostate, and other covered services.
Physicians Office Visits	80%	
Pregnancy	100%	Normal or C-Section for employee or spouse/registered domestic partner.
Prescription Drug Program	100%	After $3 Generic / $8 Brand name, co-pay for up to 60 day supply of prescription drugs & insulin. No vitamins. (Note: Does not apply to deductible or maximum out-of-pocket).
Radiation/Chemotherapy/Dialysis	100%	
Surgeon/Anesthesiologist	100%	
Therapy Benefits	100%	100% of allowed amount for physical, respiratory and cardiac therapy; and speech therapy following surgery, injury or non-congenital organic disease. **UTILIZATION REVIEW REQUIRED.**

~~**Employee Maximum out-of pocket**: After the employee pays $1,000 in co-pays and deductibles for covered medical expenses incurred by a person during a single year, the Plan will then pay 100% of covered expenses for that person for the remainder of the year.~~

~~**The Benefit Recap is to be used strictly for a brief overview of benefits provided by the medical plan. Please refer to the Plan Document for detailed coverage information. All services/supplies must be medically necessary with (the exception of preventive care).**~~

APPENDIX B – CITY OF STOCKTON 2007 CLASSIFICATION AND COMPENSATION STUDY

City of Stockton
Multi-Year Adjustments by Bargaining Unit (No Inflation)
(Employees in Below Market Job Classes and Annual Adjustment Costs)

Bargaining Unit	# of Employees	Total Payroll of Barg Unit	# of Employees Adjusted	Total Dollar Amount of Increase	Cost of Annual Adjustment 1st Increase 7/1/2009	Cost of Annual Adjustment 2nd Increase 7/1/2010
04-Mid Management	26	$3,058,512.00	16	$50,591.68	$35,414.18	$15,177.50
05-Supervisory	130	$9,791,556.00	59	$244,601.95	$171,221.37	$73,380.59
Totals:	156	$12,850,068.00	75	$ 295,193.64	$ 206,635.55	$ 88,558.09

Total Cost over 2 years: **$295,193.64**

Stockton Management B Classifications listed below are base salaries under market and will receive an increase based on the 2007 Classification and Compensation Study

Class Code	Current Job Classification Title	Group	Top Step Annual Base Salary as of 12/01/08	% Under Market Variance	$ Under Market Variance	1st increase 7/1/2009	2nd increase 7/1/2010
04159	Fleet and Facilities Manager	MB	$104,472	8.14%	$8,504.02	$5,952.81	$2,551.21
04145	Planning Manager	MB	$104,472	7.00%	$7,313.04	$5,119.13	$2,193.91
04121	Deputy Information Technology Director	MB	$110,820	5.30%	$5,873.46	$4,111.42	$1,762.04
04131	Deputy Director of Parks and Recreation	MB	$118,020	4.11%	$4,850.62	$3,395.44	$1,455.19
04149	Deputy Community Development Director/Building	MB	$129,876	2.71%	$3,519.64	$2,463.75	$1,055.89
04198	Revenue Officer	MB	$99,984	1.95%	$1,949.69	$1,364.78	$584.91
04146	Deputy Community Development Director/Planning	MB	$129,876	1.83%	$2,376.73	$1,663.71	$713.02
04151	Deputy PW Director/Operations & Maintenance	MB	$134,760	1.61%	$2,169.64	$1,518.75	$650.89
04128	Parks Superintendent	MB	$99,984	0.66%	$659.89	$461.93	$197.97
04124	Community & Cultural Services Superintendent	MB	$99,984	0.66%	$659.89	$461.93	$197.97
04130	Recreation Superintendent	MB	$99,984	0.66%	$659.89	$461.93	$197.97

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04163	Engineering Services Manager	MB	$124,728	0.58%	$723.42	$506.40	$217.03

Stockton Management C Classifications listed below are base salaries under market and will receive an increase based on the 2007 Classification and Compensation Study

Class Code	Current Job Classification Title	Group	Top Step Annual Base Salary as of 12/01/08	% Under Market Variance	$ Under Market Variance	1st increase 7/1/2009	2nd increase 7/1/2010
05727	Supervising Evidence Technician	MC	$65,052	16.92%	$11,006.80	$7,704.76	$3,302.04
05535	Property Room Supervisor	MC	$62,880	14.23%	$8,947.82	$6,263.48	$2,684.35
05197	Geographic Information Systems Supervisor	MC	$85,884	13.08%	$11,233.63	$7,863.54	$3,370.09
05198	Technology Systems Supervisor	MC	$85,884	12.56%	$10,787.03	$7,550.92	$3,236.11
05270	Risk/Loss Control Officer	MC	$70,896	10.67%	$7,564.60	$5,295.22	$2,269.38
05220	Code Enforcement Field Manager	MC	$73,116	10.56%	$7,721.05	$5,404.73	$2,316.31
05348	Senior Economic Development Analyst	MC	$80,400	10.20%	$8,200.80	$5,740.56	$2,460.24
05349	Program Manager I	MC	$79,524	9.39%	$7,467.30	$5,227.11	$2,240.19
05173	Program Manager II	MC	$88,680	9.39%	$8,327.05	$5,828.94	$2,498.12
05169	Senior Administrative Analyst	MC	$79,608	9.39%	$7,475.19	$5,232.63	$2,242.56
05218	Supervising Public Works Inspector	MC	$76,716	8.55%	$6,559.22	$4,591.45	$1,967.77
05214	Code Enforcement Supervisor	MC	$69,900	8.47%	$5,920.53	$4,144.37	$1,776.16
05485	Supervising Combination Inspector	MC	$76,716	8.20%	$6,290.71	$4,403.50	$1,887.21
05212	Fleet Operations Coordinator	MC	$78,180	8.14%	$6,363.85	$4,454.70	$1,909.16
05301	Fleet Manager	MC	$88,236	8.14%	$7,182.41	$5,027.69	$2,154.72
05459	Micro-Computer Section Supervisor	MC	$69,552	5.82%	$4,047.93	$2,833.55	$1,214.38
05199	Network Support Services Supervisor	MC	$85,884	5.82%	$4,998.45	$3,498.91	$1,499.53
05293	Animal Services Supervisor	MC	$67,236	5.49%	$3,691.26	$2,583.88	$1,107.38
05154	Senior Buyer	MC	$68,184	3.74%	$2,550.08	$1,785.06	$765.02
05343	Arborist	MC	$69,900	2.91%	$2,034.09	$1,423.86	$610.23
05345	Recreation Supervisor	MC	$69,900	2.88%	$2,013.12	$1,409.18	$603.94
05274	Parks Supervisor	MC	$59,220	2.88%	$1,705.54	$1,193.88	$511.66
05471	Senior Golf Course Supervisor	MC	$75,348	2.88%	$2,170.02	$1,519.02	$651.01
05470	Senior Parks Supervisor	MC	$75,348	2.88%	$2,170.02	$1,519.02	$651.01
05425	Supervising Librarian	MC	$73,116	2.82%	$2,061.87	$1,443.31	$618.56
05825	Reprographics Supervisor	MC	$60,420	2.73%	$1,649.47	$1,154.63	$494.84
05455	Supervising Accountant	MC	$85,968	2.00%	$1,719.36	$1,203.55	$515.81
05286	Deputy Building Official	MC	$99,984	1.91%	$1,909.69	$1,336.79	$572.91
05522	Fire Telecommunications Supervisor (10-12 hour)	MC	$71,172	1.70%	$1,209.92	$846.95	$362.98
05518	Fire Telecommunications Supervisor (24-hour)	MC	$71,172	1.70%	$1,209.92	$846.95	$362.98
05541	Police Telecommunications Supervisor	MC	$71,172	1.70%	$1,209.92	$846.95	$362.98
05201	Senior Police Telecommunications Supervisor	MC	$80,964	1.70%	$1,376.39	$963.47	$412.92
05226	Plan Check Engineer	MC	$92,292	1.66%	$1,532.05	$1,072.43	$459.61
05400	Supervising Mechanic	MC	$70,536	1.48%	$1,043.93	$730.75	$313.18
05117	Supervising Plan Checker/Structural Engineer	MC	$103,332	1.08%	$1,115.99	$781.19	$334.80
05718	Parking District Supervisor	MC	$64,860	0.31%	$201.07	$140.75	$60.32

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05722	Supervising Parking Attendant	MC	$52,944	0.31%	$164.13	$114.89	$49.24

Stockton Management B Classifications listed below are base salaries over market and will not receive an increase based on the 2007 Classification and Compensation Study

Class Code	Current Job Classification Title	Group	Top Step Annual Base Salary as of 12/01/08	% Over Market Variance	$ Over Market Variance	1st increase 7/1/2009	2nd increase 7/1/2010
04100	Engineering Manager/Assist MUD Director	MB	$140,940	11.27%	$15,889.48	$0.00	$0.00
04158	City Traffic Engineer	MB	$124,728	9.60%	$11,976.49	$0.00	$0.00
04179	Deputy Redevelopment Director	MB	$118,020	9.40%	$11,097.78	$0.00	$0.00
04178	Deputy Housing Director	MB	$118,020	7.10%	$8,383.59	$0.00	$0.00
04177	Deputy Economic Development Director	MB	$118,020	3.40%	$4,009.09	$0.00	$0.00
04155	Purchasing Agent	MB	$99,984	2.94%	$2,942.60	$0.00	$0.00
04139	Deputy Director MUD/Wastewater	MB	$124,248	2.73%	$3,390.25	$0.00	$0.00
04164	Deputy Director MUD/Water Resource Planning	MB	$134,760	2.73%	$3,677.08	$0.00	$0.00
04142	Deputy PW Director/Solid Waste & Building	MB	$106,584	2.47%	$2,632.62	$0.00	$0.00
04160	Solid Waste Manager	MB	$99,984	2.06%	$2,063.68	$0.00	$0.00
04107	Deputy Director of Library Services	MB	$118,020	1.89%	$2,230.18	$0.00	$0.00
04147	Deputy Director MUD/Stormwater	MB	$124,248	1.56%	$1,938.27	$0.00	$0.00
04122	Deputy Director MUD/Wastewater (PE)	MB	$134,760	1.56%	$2,102.26	$0.00	$0.00
04167	Deputy Director MUD/Water & Collection Systems	MB	$124,248	1.56%	$1,938.27	$0.00	$0.00
04166	Deputy Director MUD/Water & Collection Systems (PE)	MB	$134,760	1.56%	$2,102.26	$0.00	$0.00
04123	Deputy Director MUD/Water & Sewer (PE)	MB	$134,760	1.56%	$2,102.26	$0.00	$0.00
04039	Deputy PW Director/City Engineer	MB	$140,940	1.37%	$1,933.25	$0.00	$0.00
04163	Engineering Services Manager	MB	$124,728	0.58%	$729.39	$0.00	$0.00
04156	Geographic Information Systems Manager	MB	$85,800	0.00%	$0.00	$0.00	$0.00
04157	Management Information Systems Manager	MB	$85,800	0.00%	$0.00	$0.00	$0.00

Stockton Management C Classifications listed below are base salaries over market and will not receive an increase based on the 2007 Classification and Compensation Study

Class Code	Current Job Classification Title	Group	Top Step Annual Base Salary as of 12/01/08	% Over Market Variance	$ Over Market Variance	1st increase 7/1/2009	2nd increase 7/1/2010
05680	Materials Supervisor	MC	$70,896	15.19%	$10,769.10	$0.00	$0.00
05210	Geographic Information Systems Administrator	MC	$73,116	13.08%	$9,563.57	$0.00	$0.00
05495	Facilities Maintenance Supervisor	MC	$61,884	10.19%	$6,305.98	$0.00	$0.00
05473	Senior Facilities Maintenance Supervisor	MC	$80,004	10.19%	$8,152.41	$0.00	$0.00
05336	Budget Analyst I	MC	$56,784	7.57%	$4,298.55	$0.00	$0.00
05206	Budget Analyst II	MC	$79,608	7.57%	$6,026.33	$0.00	$0.00
05460	Public Works Supervisor	MC	$80,160	7.51%	$6,020.02	$0.00	$0.00

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05450	Public Works Supervisor/Electrical	MC	$86,832	7.51%	$6,521.08	$0.00	$0.00
05450	Public Works Supervisor/Electrical	MC	$86,832	7.51%	$6,521.08	$0.00	$0.00
05221	Senior Public Works Supervisor	MC	$88,236	7.51%	$6,626.52	$0.00	$0.00
05216	Senior Public Works Supervisor/Electrical	MC	$95,580	7.51%	$7,178.06	$0.00	$0.00
05236	Associate Engineer/Mechanical	MC	$86,400	6.88%	$5,944.32	$0.00	$0.00
05237	Associate Engineer/Traffic	MC	$86,400	6.88%	$5,944.32	$0.00	$0.00
05127	Associate Mechanical Engineer	MC	$95,868	6.88%	$6,595.72	$0.00	$0.00
05708	Executive Assistant	MC	$62,880	6.49%	$4,080.91	$0.00	$0.00
05125	Associate Civil Engineer	MC	$95,868	6.18%	$5,924.64	$0.00	$0.00
05234	Associate Engineer	MC	$86,400	6.18%	$5,339.52	$0.00	$0.00
05232	Associate Traffic Engineer	MC	$95,868	6.18%	$5,924.64	$0.00	$0.00
05720	Supervising Office Assistant	MC	$58,920	5.59%	$3,293.63	$0.00	$0.00
05741	Supervising Revenue Assistant	MC	$64,860	5.54%	$3,593.24	$0.00	$0.00
05370	Supervising Real Property Agent	MC	$99,984	5.49%	$5,489.12	$0.00	$0.00
05505	Fire Telecommunications Specialist	MC	$69,768	5.34%	$3,725.61	$0.00	$0.00
05771	Supervising Police Records Assistant	MC	$62,880	3.17%	$1,993.30	$0.00	$0.00
05291	Housing Programs Supervisor	MC	$82,932	2.65%	$2,197.70	$0.00	$0.00
05126	Architect	MC	$76,104	2.55%	$1,940.65	$0.00	$0.00
05225	Assistant City Traffic Engineer	MC	$107,328	2.47%	$2,651.00	$0.00	$0.00
05116	Senior Civil Engineer	MC	$107,328	2.47%	$2,651.00	$0.00	$0.00
05260	Library Division Manager	MC	$87,792	1.89%	$1,659.27	$0.00	$0.00
05886	Senior Community Service Officer	MC	$58,332	0.91%	$530.39	$0.00	$0.00
05461	Tree Maintenance Supervisor	MC	$69,900	0.43%	$300.57	$0.00	$0.00
05191	Senior Planner	MC	$90,468	0.05%	$46.40	$0.00	$0.00
05235	Senior Transportation Planner	MC	$90,024	0.05%	$45.01	$0.00	$0.00
05209	Computer Operations & Maintenance Supervisor	MC	$73,116	0.00%	$0.00	$0.00	$0.00
05472	Craft Maintenance Supervisor	MC	$68,184	0.00%	$0.00	$0.00	$0.00
05360	Financial Services Supervisor	MC	$68,112	0.00%	$0.00	$0.00	$0.00
05497	Library Building Maintenance Supervisor	MC	$58,920	0.00%	$0.00	$0.00	$0.00
05287	Park Facility Planner	MC	$99,984	0.00%	$0.00	$0.00	$0.00
05207	Police Planning Analyst	MC	$79,608	0.00%	$0.00	$0.00	$0.00
05130	Quality Improvement Coordinator	MC	$94,728	0.00%	$0.00	$0.00	$0.00
05196	SCADA/CMMS Manager	MC	$85,884	0.00%	$0.00	$0.00	$0.00
05217	Surveying Supervisor	MC	$72,468	0.00%	$0.00	$0.00	$0.00
05686	Warehouse Supervisor	MC	$54,780	0.00%	$0.00	$0.00	$0.00

CITY OF STOCKTON

FIRE UNIT
MEMORANDUM OF UNDERSTANDING

The Stockton Firefighters' Local 456, International Association of Firefighters and representatives of the City of Stockton have met and conferred in good faith regarding wages, hours, and other terms and conditions of employment for employees in the representation unit identified in Section 1 of this Memorandum of Understanding, have exchanged freely information, opinions, and proposals, and have endeavored to reach agreement on all matters relating to the employment conditions and employer employee relations of such employees.

This Memorandum of Understanding is entered into pursuant to the Meyers Milias Brown Act (Government Code sections 3500 3511)("MMBA") and has been jointly prepared by the parties.

This Memorandum of Understanding shall be presented to the Stockton City Council as the joint recommendations of the undersigned regarding wages, hours, and other terms and conditions of employment for the period commencing July 1, 2011~~2~~, and ending on June 30, 2012~~3~~. This agreement shall supersede all other existing agreements on the matters set forth herein.

(As amended, approved and adopted by Stockton City Council on ~~October 18, 2011~~)

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* Table of Contents is subject to change once agreement is finalized.

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SECTION 1. RECOGNITION

1.1. City Recognition

The City Manager, or any person or organization duly authorized by the City Manager, is the representative of the City of Stockton, hereafter referred to as the "City," in employer employee relations as provided in Resolution No. 32,538, adopted by the City Council on August 4, 1975.

1.2. Union Recognition

The Stockton Firefighters' Local 456 (formerly Local 1229), International Association of Firefighters, hereafter referred to as the "Union," is the recognized employee organization for the Firefighters' Unit, certified pursuant to Resolution No. 32,548, adopted by the City Council on August 11, 1975.

SECTION 2. UNION SECURITY

2.1. Dues Deduction

a. General. The Union may have the regular dues of its members within the representation unit deducted from employees' paychecks under procedures prescribed by the City for such deductions. The Union has the exclusive privilege of dues deduction for its members.

Payroll deductions shall be for a specified amount, consistent for all employee-members of the Union, and shall not include fines and fees.

Authorization, cancellation, or modification of payroll deductions shall be made upon forms provided or approved by the City. The payroll deduction authorized shall remain in effect until:

(1) Canceled or modified by the employee through written notice to the City; or

(2) The first day of the calendar month following the employee's transfer to a position represented by another employee organization; or

(3) The employee terminates his or her employment with the City.

Additional authorization shall not be required for deduction of increased membership dues when such increase has been duly approved by the membership of the Union. Notification of such approval shall be forwarded to the City in the form of written notice on official Union letterhead and signed by the Union President or other duly authorized Union official. Upon receipt of notification, the City shall authorize the payroll deduction of the increased amount.

[MODIFICATIONS IN THIS SECTION DUE TO INCORPORATION OF 2010 SIDE LETTER RE: UNION SECURITY.]

Amounts deducted and withheld by the City shall be transmitted to the officer designated in writing by the Union as the person authorized to receive such funds, at the address specified.

In addition to the deduction of dues, the City will deduct from the paychecks of Union members who request it, premiums for group insurance and investment plans sponsored by the Union. Such deductions shall be made in one lump sum and only upon receipt of a signed authorization from the employee on a form that is satisfactory to the City. ~~Such authorizations may~~

~~be made or changed no more frequently than twice yearly.~~ Such deductions shall be payable to the Union who is responsible for distribution to sponsored programs.

[MODIFICATIONS IN THIS SECTION DUE TO INCORPORATION OF 2010 SIDE LETTER RE: UNION SECURITY.]

The employee's earnings must be sufficient after all other required deductions are made, to cover the amount of the deductions herein authorized. When an employee is in a non pay status for an entire pay period, no withholdings will be made from future earnings to cover that pay period nor will the employee deposit the amount with the City which would have been withheld if the employee had been in a pay status during that period. In the case of an employee who is in a non pay status during part of the pay period and the salary is not sufficient to cover the full withholding, no deduction shall be made. All other required deductions shall have priority over the employee organization deduction.

b. Indemnity and Refund. The Union shall indemnify, defend, and hold the City harmless against any claim made or any suit initiated against the City in connection with or as a result of any employee-authorized deduction and/or payment of Union dues or premiums for benefits. In addition, upon presentation of supporting evidence, the Union shall refund to the City any amounts paid to it in error.

2.2. Use of City Facilities

The Union shall be allowed by the City department in which it represents employees use of space on available bulletin boards for communications having to do with official Union business, such as times and places of meetings, provided such use does not interfere with the needs of the department.

Any representative of the Union shall give notice to the Fire Chief or the Fire Chief's designated representative when contacting Department employees on City facilities during the duty period of the employees, provided that solicitation for membership or other internal Union business shall be conducted during the non duty hours of all employees concerned. Prearrangement for routine contact may be made with the Fire Chief or the Fire Chief's designated representative and when made shall continue until revoked by the Fire Chief.

City buildings and other facilities may be made available for use by City employees and the Union or their representatives in accordance with such administrative

procedures as may be established by the City Manager or department heads concerned.

Members of the Union are prohibited from using City equipment and/or time for their personal use.

2.3. Advance Notice

Except in cases of emergency, the Union shall be given reasonable advance written notice of the proposed change to any ordinance, resolution, rule, or regulation to be adopted by the City that relates to matters within the scope of representation and shall be given the opportunity to negotiate, if requested, with the management representatives designated by the City Manager.

In cases of emergency which constitute an imminent threat to the City's financial and/or other resources, the City may immediately implement any emergency measures the City deems necessary to prevent the public business and/or the City's operations from being financially or otherwise impaired and deal with the emergency at hand. At the earliest practicable date thereafter, the Union shall be provided with the notice described above and be given an opportunity, if requested, to negotiate changes to the content of said notice with the management representatives designated by the City Manager.

2.4. Attendance At Meetings By Employees/Release Time

Release Time Related to Meet and Confer. City employees who are official representatives ~~or unit representatives~~ of the Union shall be given reasonable time off with pay**, in accordance with the MMBA,** to attend meetings with City management representatives ~~or be present at City hearings~~ where matters within the scope of representation or grievances **related to this unit** are being considered. The use of official **release** time for this purpose shall be reasonable and shall not interfere, as determined by the City, with the performance of City services. Such employee representatives shall request an excused absence, prior to the scheduled meeting, whenever possible. Except by mutual agreement, the number of employees excused for **release time related to meeting with City management on meet and confer and grievance matters** ~~such purposes~~ shall not exceed three (3) per recognized bargaining unit.

~~Effective July 1, 2003, the City shall allocate to the Union five hundred (500) hours each calendar year for the purpose of a Union Time Bank. This time off shall be used by Union representatives for matters not already covered in section 2.4 (a) above. The maximum number of hours for the Union Time Bank that shall be allowed on the books at any one time is one thousand (1000) hours. The use of the~~

~~Union Time Bank shall be reasonable, as determined jointly by the Union President and Fire Chief. Such employee representatives requesting Union time off shall request prior to the scheduled time off.~~

SECTION 3. COMPLIANCE WITH LAWS

3.1. Non-Discrimination/Equal Employment

The City and the Union agree that there shall be no discrimination of any kind on the basis of **age (over 40),** race, creed, color, religion, national origin **(ancestry), veterans status, physical or mental disability, marital status,** sex **(sexual, gender based, pregnancy/childbirth)**, sexual orientation, ~~disability, age,~~ political affiliation, legitimate Union activity, or on any other basis prohibited by applicable federal and State law against any employee or applicant for employment. In addition, the Union shall cooperate with the City, to the extent authorized by federal and State laws and regulations, in furthering the City's objective of promoting equal employment opportunities.

SECTION 4. PROBATION

4.1. Purpose

The probationary period shall be utilized for closely observing the employee's work, for securing the most effective adjustment of the employee to his/her position, and for eliminating any probationary employee whose performance does not meet the required standards of work.

4.2. Original Entrance Positions

All original entrance sworn positions shall be ~~tentative and~~ subject to a probationary period of eighteen (18) months. The probationary period for entrance sworn positions shall not be extended.

4.3. Retention/Rejection of Probationer

The Director of Human Resources shall notify the appointing authority at least four (4) weeks prior to the termination of any probationary period. At the end of the probationary period, if the service of the probationary employee has been satisfactory to the appointing authority, the appointing authority shall file with the Director of Human Resources a statement in writing to such effect and stating that the retention of such employee is desired. During the probationary period an employee may be rejected at any time by the appointing authority.

4.4. Promotional Positions

~~Promotional appointments in the Fire Department are permanent appointments not subject to a probationary period.~~ **All promotional Fire Department appointments shall be subject to a probationary period of twelve (12) months. The probationary period for Fire Department promotional positions shall not be extended.**

SECTION 5. LAYOFF

Any employee may be laid off by the appointing authority in the event of the abolition of his/her position by the City Council or if a shortage of work or funds requires a reduction in personnel. The appointing authority shall have the power to determine, after consideration of work requirements and the efficiency and conduct of individual employees and their length of service, the order in which employees shall be laid off.

5.1. Layoff Scope

a. Layoffs shall be within departments of the City.

b. The departments of the City are defined as follows:

(1) Administrative Services Department
(2) City Attorney
(3) City Auditor
(4) City Clerk
(5) City Manager
(6) Community Development Department
(7) Fire Department
(8) Housing and Redevelopment Department
(9) Human Resources Department
(10) Library Services Department
(11) Municipal Utilities Department
(12) Parks and Recreation Department
(13) Police Department
(14) Public Works Department

5.2. Notice Of Layoff

The City will give advance written notice of at least one (1) pay period to employees who will be laid off.

5.3. Precedence By Employment Status

No permanent employee shall be laid off while employees working in an extra help, seasonal, temporary, provisional, or probationary status are retained in the same classification as such permanent employee. The order of layoff among employees not having permanent status shall be according to the following categories, as listed in ascending order:

a. Extra Help
b. Provisional

c. Temporary
d. Probationary

Layoffs shall be by job classification according to the length of time served in that class with the employee having the least amount of time served in the class to be laid off first. For the purpose of this procedure, part time classes shall be considered as separate from and shall be laid off prior to regular full time classes. The following provisions shall apply in computing total continuous service:

a. Time spent on military leave shall count as service if the leave was taken subsequent to entry in the Department.

b. Time worked in an extra help, seasonal, provisional, temporary, grant, or other limited term status shall not count as service for any other class.

c. Time worked in a permanent or probationary status shall count as service time.

If two (2) or more employees have the same seniority, the order of seniority shall be determined by the employees' examination results and ranking on the respective eligibility list upon which the employees' were subsequently hired ~~lot~~.

[MODIFICATIONS IN THIS SECTION DUE TO INCORPORATION OF 2010 LETTER OF AGREEMENT RE: TIE BREAK AND REEMPLOYMENT LIST.]

5.4. Employee Options

Employees laid off shall have the following choices:

a. Displacing the employee in the same department and in the same or clearly comparable classification as determined by the Director of Human Resources as having the least (total service) seniority. This option shall be exercised before any other option.

b. Taking a voluntary demotion within the department to a classification in which the employee had prior permanent status, thus displacing the employee working in that classification who has the least (total service) seniority.

SECTION 6. REEMPLOYMENT

When an employee with ~~in the~~ classified service whose ~~has been~~ performance~~ing~~ evaluation conducted by the employing department reflects that the employee is performing ~~his/her~~ duties ~~in a~~ satisfactorily ~~manner, as shown by the records of the department in which he/she has been employed,~~ is laid off ~~because of~~ due to lack of funds or their ~~abolition of his/her~~ position is abolished or ~~has been~~ on authorized leave of absence and is ready to report for duty when a position is open, the Civil Service Commission shall cause the name of the ~~such~~ employee in the appropriate class to be placed on the reemployment list. ~~for the appropriate class for reemployment within two (2) years thereafter when vacancies occur. The employee shall not be placed on said list or lists without his/her request.~~ Except as otherwise provided in subsection (b) below, the Civil Service Commission shall cause the name of each employee laid off in accordance with these rules to be placed on the reemployment list for the appropriate class for reemployment within two (2) years thereafter when vacancies occur.

(a) An employee who receive a notice of layoff and exercises the option to demote to a previously held lower classification shall be placed on the reemployment list for the position from which the employee demoted, as provided for in subsection (a), above, and remain on the list either until the employee is appointed to the position or the employee declines appointment to the position. The reemployment rights granted by this subsection are applicable only to employees who demote to a previously held lower classification after receiving a notice of layoff.

The reemployment list for any class shall be established by a Civil Service resolution, as needed. The order in which names shall be placed on the reemployment list for any class shall be by seniority, which means "last laid off, first rehired." **An employee who waives reemployment shall have his/her name removed from the reemployment list, unless mutually agreed to by the Department and employee.**

~~The order in which names shall be placed on the reemployment list for any class shall be established by resolution from time to time by the Civil Service Commission. The Civil Service Commission shall determine this order by impartial investigation based upon consideration of work requirements, the efficiency and conduct of the individual employees, their length of service, and recommendation by the appointing authority and the Fire Chief.~~

~~In filling vacancies, eligibles on reemployment lists take precedence over eligibles on any other lists for the same rank in the department for which the lists apply.~~

[MODIFICATIONS IN THIS SECTION (Other than the sentence above in bold are) DUE TO INCORPORATION OF 2010 LETTER OF AGREEMENT RE: TIE BREAK AND REEMPLOYMENT LIST.]

SECTION 7. DISCIPLINE

Disciplinary action, including discharge, suspension, reduction in pay, demotion, or other employment penalty may be taken against any employee for cause.

The appointing authority may discharge, suspend, or demote any employee in the classified service provided the City Charter provisions, the Rules and Regulations of the Civil Service Commission, and any applicable provisions of law are followed. Such provisions allow the employee suspended, demoted, or discharged to file an appeal to the Civil Service Commission. The employee may take any one (1) of the following actions:

a. File no appeal.

b. File an appeal with the Civil Service Commission within ten (10) business days of receipt of written notification of the action. Such filing will foreclose the use of the grievance procedure.

c. File a grievance as provided for in Section 8.2, below, within ten (10) business days of receipt of written notification of the action.

If the employee fails to do "b" or "c," above, within the prescribed time frames, those rights will have been waived.

SECTION 8. GRIEVANCE PROCEDURES

8.1. Definition

A grievance is any dispute which involves the interpretation or application of those rules, regulations, and resolutions which have been, or may hereafter be, adopted by the City Council to govern personnel practices and working conditions, including such rules, regulations, and resolutions as may be adopted by either the City Council or the Civil Service Commission to affect Memoranda of Understanding which result from the meeting and conferring process.

8.2. Filing Deadline

No grievance involving demotion, suspension, discharge, or other employment penalty will be entertained unless it is filed in writing with the Director of Human Resources within ten (10) business days of the time the affected employee received written notification of such action.

For purposes of filing appeals and grievances, the City of Stockton's business hours are Monday through Friday, 8:00 a.m. to 5:00 p.m., excluding City-recognized holidays.

8.3. Grievance Processing

a. Step 1 - Departmental Review. Any employee who believes that he/she has a grievance may discuss the matter with such management official as the Fire Chief may designate. If the issue is not resolved by the Department within seven (7) working days from the day of presentation, or if the employee elects to submit his/her grievance directly to the Union's recognized representative, the procedures set forth in Step 2, below, may be invoked.

b. Step 2 - Director of Human Resources Review. Any employee or any official of the Union may notify the Director of Human Resources in writing that a grievance exists, stating the particulars of the grievance and, if possible, the nature of the determination desired. The Director of Human Resources shall have fourteen (14) working days in which to investigate the issues, meet with the complainant, and attempt to reach a satisfactory resolution of the problem. No grievance may be processed under the following two (2) paragraphs which has not first been filed and investigated in accordance with this paragraph, except for the resolution of compensation complaints.

c. Step 3 - City Manager Review. Any grievance that has not been resolved by the procedures set forth above may be referred to the City Manager by the

complainant or by the Director of Human Resources. Such referral shall be in writing, detailing the specific issues involved in the referral together with a statement of the resolution desired. The City Manager shall designate a personal representative, who shall not be the Director of Human Resources, to investigate the merits of the complaint, to meet with the complainant, and, if the complainant is not the Union, to meet also with the officials of the Union to settle the grievance or to make recommendations to the City Manager.

d. Step 4 - Arbitration. If the grievance is not resolved at Step 3, either the Union or the City may require that the grievance be referred to an impartial arbitrator who shall be designated by mutual agreement between the Union and the City Manager. The fees and expenses of the arbitrator and of a court reporter shall be shared equally by the Union and the City. Each party, however, shall bear the cost of its own presentation, including preparation and post hearing briefs, if any.

e. Effect of Decision. Decisions of arbitrators on matters properly before them shall be final and binding on the parties, except as otherwise provided herein.

8.4. Scope of Arbitration

No arbitrator shall entertain, hear, decide, or make recommendations on any dispute unless such dispute involves a position in a unit represented by the Union and unless such dispute falls within the definition of a grievance as set forth in paragraph 8.1, above.

Proposals to add to or change this Memorandum of Understanding or written agreements or addenda supplementary hereto shall not be arbitrable and no proposal to modify, amend, or terminate this Memorandum of Understanding, nor any matter or subject arising out of or in connection with such proposal, may be referred to arbitration under this section. The arbitrator selected pursuant to this section shall not have the power to amend or modify this Memorandum of Understanding or written agreements or addenda supplementary hereto or to establish any new terms or conditions of employment.

No changes in this Memorandum of Understanding or interpretations thereof (except interpretations resulting from arbitration proceedings hereunder) will be recognized unless agreed to by the City Manager and the Union.

8.5. Other Provisions

If the Director of Human Resources or the City Manager, in pursuance of the procedures outlined above, resolve a grievance which involves suspension or discharge, they may agree to payment for lost time or to reinstatement with or

without payment for lost time, but in the event the dispute is referred to arbitration and the arbitrator finds that the City had cause to take the action complained of, the arbitrator may not substitute his/her judgment for the judgment of management and if the arbitrator finds that the City had such right, he/she may not order reinstatement and may not assess any penalty upon the City.

All complaints involving or concerning the payment of compensation shall be initially filed in writing with the City Manager. Only complaints that allege the employee is not being compensated in accordance with the provisions of this Memorandum of Understanding shall be considered as grievances. Any other matters of compensation are to be resolved in the meeting and conferring process, and if not detailed in the Memorandum of Understanding which results from such meeting and conferring process, shall be deemed withdrawn until the meeting and conferring process is next open for such decision. No adjustment shall be retroactive for more than sixty (60) days from the date upon which the complaint was filed.

The provisions of this section shall not abridge any rights to which an employee may be entitled under the City Charter, nor shall it be administered in a manner that would abrogate any power which, under the City Charter, may be within the sole province and discretion of the Civil Service Commission.

All grievances of employees in representation units represented by the Union shall be processed under this section. If the City Charter requires that another option be available to the employee, no action under paragraph "d" of subsection 8.3, above, shall be taken unless it is determined that the employee is not availing himself/herself of such option.

No action under paragraph "d" of subsection 8.3, above, shall be taken if action on the complaint or grievance has been taken by the Civil Service Commission, or if the complaint or grievance is pending before the Civil Service Commission.

If any award by an arbitrator requires action by the City Council or the Civil Service Commission before it can be placed in effect, the City Manager and the Director of Human Resources will recommend to the City Council or the Civil Service Commission, as appropriate, that it follow such award.

SECTION 9. LEAVES

9.1. Vacation Leave

a. Accrued Vacation Allowance. All regular employees, excluding provisional, temporary, and part-time employees, shall accrue vacation leave as follows:

(1) 40 hour workweek employee:

Under 1.5 years	80 hours
1.5 – 7.5 years	108 hours
7.5 – 15 years	144 hours
15 – 25 years	189 hours
25 plus years	additional 7 hours each year

(2) 56 hour workweek employee:

Under 1.5 years	120 hours
1.5 – 7.5 years	162 hours
7.5 – 15 years	216 hours
15 – 25 years	283.5 hours
25 plus years	additional 10.5 hours each year

b. Maximum Vacation Accrual. Effective June 30, 2012, the following maximum vacation accruals shall take effect. Employees reaching the maximum hours provided here shall stop accruing additional vacation hours until they are below the caps listed here. No vacation hours may be added to sick leave and balances without exception. ~~For employees who on August 1, 2011 have vacation balances that exceed their maximum shall have until June 30, 2012 to use sufficient vacation to get under the maximum allowed. If an employee does not get below the maximum by that date, they shall retain their existing earned vacation but shall not earn any additional vacation until they are under the maximum vacation accrual allowed.~~ Employees shall accrue vacation on a twice-monthly basis.

The maximum number of vacation hours that employees on a 40 hour workweek shall accrue are as follows:

Under 1.5 years	~~200~~ **120** hours
1.5 – 7.5 years	240 hours
7.5 – 15 years	280 hours
15 – 25 years	320 hours
26 years	328 hours

27 years	336 hours
28 years	344 hours
29 years	352 hours
29 plus years	7 hours each additional year

The maximum number of vacation hours that employees on a 56 hour workweek shall accrue are as follows:

Under 1.5 years	300 hours
1.5 – 7.5 years	360 hours
7.5 – 15 years	420 hours
15 – 25 years	480 hours
26 years	492 hours
27 years	504 hours
28 years	516 hours
29 years	528 hours
29 plus years	7 hours each additional year

c. Longevity Vacation Allowance

(1) Program is eliminated as of July 1, 2011. Employees with accrued longevity allowance positive balances as of June 30, 2011 will have those balances frozen and cashed out upon separation at the employee's rate of pay on June 30, 2011.

(2) Annual longevity vacation allowance accrual credited on January 1, 2011 shall be reduced by fifty percent (50%).

d. Scheduling

(1) 48/96 Shift Schedule

The 48/96 Shift Schedule for line fire suppression employees shall continue indefinitely with the contingency that the Fire Chief shall retain the ability to discontinue, change or otherwise alter the work schedule consistent with his/her management responsibility to control and direct all Stockton Fire Department's members and divisions. The following provisions shall apply, as long as the 48/96 Shift Schedule remains in effect:

(a) A minimum of four (4) shifts of Accrued Vacation must be scheduled per year. The four (4) shift minimum is not required to be scheduled contiguously.

(b) Any Accrued Vacation that is not scheduled contiguous with the required four (4) shifts will be scheduled by mutual agreement of the employee and the Fire Chief.

(c) Sell-back. Effective July 1, 2011, employees on a forty (40) hour workweek may sell back a maximum of forty (40) hours of unused Accrued Vacation per year except during furlough or fiscal emergency periods. Employees on a fifty-six (56) hour workweek may sell back a maximum of (60) hours of unused accrued vacation per year except during furlough or fiscal emergency periods.

e. Vacation Allowance for Separated Employees.

(1) When an employee is separated from the service **between February 17, 2012 and July 1, 2014**, **the employee's** ~~his/her~~ remaining vacation allowance including **Longevity Vacation allowance**, if any, shall be ~~added to his/her final compensation.~~ **paid as follows**:

a. Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated vacation hours.

b. On the one year anniversary of employee's separation, he/shall shall receive the second payment of one third (1/3) or $10,000, whichever is greater of the balance of his/her unused accumulated vacation hours.

c. On the second year anniversary of employee's separation he/she shall receive payment for the balance of the unpaid accumulated vacation hours.

d. Employees who are involuntarily separated shall have their unused accumulated vacation hours, if any, added to his/her final compensation.

9.2. Sick Leave

a. Accrual. All regular employees on a forty (40) hour a week schedule, except provisional, temporary, and part time employees, shall accrue sick leave at the rate of eight (8) hours for each full month of service. All regular employees on a fifty-six (56) hour workweek schedule, except provisional, temporary, part-time employees shall accrue sick leave at a rate of twelve (12) hours for each month of service. All regular employees, except

provisional, temporary, and part time employees, working less than a full month shall accrue sick leave on a prorated basis. Unused sick leave shall accumulate from year to year. Employees shall continue to accrue sick leave while off duty on authorized sick leave, provided, however, an employee shall not accrue sick leave during any leave or leaves of absence without pay granted to the employee.

b. Usage. Employees are entitled to sick leave pay for those days that the employee would normally have worked, to a maximum of sick leave hours accrued by the employee.

An employee may use sick leave for preventive medical, dental, optical care, and for illness, injury, or exposure to contagious disease, which incapacitates him/her from performing his/her duties. This includes disabilities caused or contributed to by pregnancy, miscarriage, abortion, and childbirth and recovery therefrom.

c. Family Sick Leave. Employees may utilize **fifty percent (50%) of their annual accrued sick leave to attend to** ~~sick leave in the~~ case**s** of illness or injury in the employee's immediate family. ~~when such illness or injury requires personal care. Such sick leave shall be limited by the Fire Chief to the time reasonably required to make other arrangements for such care.~~

Such leave shall be restricted to the employee's parents, spouse, **registered** domestic partner, mother-in-law, father-in-law, child, stepchild, **legal dependent**, brother, sister, brother-in-law, sister-in-law, grandparent, and grandchild.

d. Procedures for Requesting and Approving Sick Leave. The employee shall notify the Chief's Operator, or if unavailable, the shift Telecommunications Supervisor at the Emergency Communications Division (ECD) at the earliest reasonable time, but not later than 0645 hours of the day scheduled for duty. When the requirement for sick leave is known to the employee in advance of his/her absence, the employee shall request in writing authorization for such sick leave from the Fire Chief prior to such absence.

Before an employee may be paid for the use of accrued sick leave, he/she shall complete and submit to the Fire Chief a signed statement, on a prescribed form, setting forth the dates and hours of absence, the exact reason, and such other information as is necessary for his/her request to be evaluated. If an employee does not return to work prior to the preparation of the payroll, other arrangements may be made with the approval of the Fire Chief.

e. Doctor's Certificate or Other Proof. ~~If an employee's illness results in an absence from work for more than two (2) consecutive shifts, a doctor's certificate or other reasonable proof of illness may be required by the Fire Chief.~~

The Fire Chief **or** ~~and~~ the Director of Human Resources ~~may make such sick leave usage reviews and~~ may require **a doctor's certificate or other reasonable proof of illness** ~~such physician's documentation~~ as they deem necessary to insure proper use of the sick leave benefit. **The employee shall be given notice prior to returning to work that he or she will be required to provide such documentation. Employees who have unscheduled absences due to illness on a scheduled work day preceding or following a holiday may be required to bring a doctor's certificate or other reasonable proof of illness in order to receive an excused absence and sick leave pay.**

f. Use of Sick Leave While on Vacation. An employee who is injured or who becomes ill while on vacation may be paid for sick leave in lieu of vacation provided that the employee:

(1) Was hospitalized during the period for which sick leave is claimed, or

(2) Received medical treatment or diagnosis and presents a statement indicating disabling illness or injury signed by a physician covering the period for which sick leave is claimed.

g. Accessibility and Reporting. All officers and members of the Department on leave for sickness shall be available by telephone or at their home for consultation with the Fire Chief or the Fire Chief's designee. Exceptions to this rule shall only be made with the permission of the attending physician and Fire Chief.

All officers and members of the Department on leave for sickness for extended periods of time will make weekly progress reports by telephone to the Fire Chief's office.

h. Return to Duty. Upon availability for return to duty, the employee shall notify the Chief's Operator, or, if unavailable, the shift Telecommunications Supervisor at the ECD at the earliest reasonable time, but not later than 6:00 p.m. on the day prior to his/her next scheduled duty period. Sick leave may be granted for any period of time approved by the Fire Chief.

i. Payment for Unused Sick Leave for **Unit** Employees ~~Hired on or before June 30, 2011~~. ~~Upon separation with ten (10) years or more of continuous service~~

~~or upon termination of employment by reason of death or service or disability retirement, the employee or the employee's estate will be paid fifty percent (50%) of the total sick leave balance as of June 30, 2011 at its current value as of June 30, 2011. Any sick leave accrued on or after July 1, 2011 shall have no cash value. This provision shall also apply for service or disability retirement. Sick leave accrued after July 1, 2011 shall be deposited into a new sick leave bank. Sick leave accrued in the new sick leave bank established on July 1, 2011 shall be depleted before sick leave is charged to the old sick leave bank that was frozen as of June 30, 2011.~~

Effective February 17, 2012, all sick leave shall have no cash value upon separation of employment and employees shall not be allowed to cash out unused sick leave. Employees shall be eligible for CalPERS service credit for unused sick leave at retirement based on the PERS contract provisions in effect at the time of their hire.

j. ~~Unused Sick Leave for Employees Hired on or After July 1, 2011~~

~~(1) Employees hired on or after July 1, 2011 are not eligible for any cash out of unused sick leave and their sick leave shall not have any cash value.~~

~~(2) Employees hired on or after July 1, 2011 shall be eligible for CalPERS service credit for unused sick leave at retirement based on the PERS contract provisions in effect at the time of their hire. The parties have agreed to the implementation of a new retirement tier and employees hired after the implementation of that new tier will not be eligible for unused sick leave service credit.~~

9.3. Other Leaves With Pay

a. Bereavement Leave. In the event of a death in the immediate family of an employee, the employee shall, upon his/her request, be granted up to three (3) days bereavement leave with pay and without charge to his/her accumulated sick leave credits or vacation eligibility. The City Manager may grant an additional two (2) days bereavement leave upon request, which shall be charged against the employee's accumulated sick leave credits in cases where extensive travel is required to attend the funeral. For the purposes of this paragraph, "immediate family" shall be restricted to the employee's parents, spouse, **registered domestic partner**, mother-in-law, father-in-law, child, stepchild, brother, sister, brother-in-law, sister-in-law, grandparent, and grandchild.

In the event of the death of a person not immediately related to an employee, as defined above, the employee's department head may grant up to three (3)

days leave upon request, which shall be charged against the employee's accumulated sick leave credits.

b. Court Appearance. Upon approval by the Fire Chief, an employee, other than a provisional or temporary employee, shall be permitted authorized absence from duty for appearance in court for jury service, in obedience to a subpoena, or by direction of proper authority in accordance with the following provisions:

Such absences from duty will be **compensated for actual hours** ~~with full pay for each day~~ the employee serves on the jury or testifies as a witness in a criminal case, other than as a defendant, including necessary travel time. As a condition of receiving such full pay, the employee must remit to the City, within fifteen (15) days after receipt, all fees received, except those specifically allowed for mileage and expenses. The employee shall remit such fees to the City through the employee's department head.

Attendance at court or at a deposition while in an on duty status in connection with an employee's official duties or on behalf of the City in connection with a case in which the City is a party, together with travel time necessarily involved, shall be considered and paid as hours worked.

Other absences from duty for attendance at court or at depositions shall be without pay.

On-duty employees shall return to work immediately upon release from court.

Attendance at court or at a deposition while in an off duty status in connection with an employee's official duties or on behalf of the City in connection with a case in which the City is a party, together with travel time, where such travel is to a location outside of San Joaquin County, shall be considered **in terms of actual hours spent performing those duties** and paid as hours worked.

For the purpose of computing any travel time to be reimbursed by the City in accordance with this section for attendance at court or at a deposition while in an off duty status, such travel time shall be deemed to commence from the San Joaquin County Courthouse.

c. Maternity Leave. Time off the job for pregnancy, childbirth, and related medical conditions will be covered as required by State and federal law and applicable City policy. Employees may use sick leave, leave without pay, annual leave, or a combination of these benefits, depending on the nature of

the case and the time medically required to recuperate. Generally, a six (6) week recovery period after delivery is medically indicated.

d. Military Leave. An employee of the City who is a member of the National Guard or Naval Militia or a member of the Reserve Corps or Force of the Federal Military, Naval, or Marine Service and is ordered to duty shall be granted leave with pay while engaged therein, provided the leave does not exceed thirty (30) calendar days in any calendar year.

All regular employees in the service of the City who have been inducted into the Army, Navy, Marine Corps, Air Force, or any other branch of the Military Service of the United States or the State of California shall be allowed leave of absence without pay for the duration of a national emergency. Except as hereafter stated, said employees shall be reinstated into City service, provided they are physically fit as shown by a medical examination by the City Physician or other physician appointed to make a medical examination.

In the case of a probationary employee having served his/her minimum probationary period of eighteen (18) months at the time of induction, it shall be optional with the Fire Chief and the City Manager to grant regular status to said employee before induction.

All probationary employees inducted into Military Service not having served the minimum probationary period of eighteen (18) months or having served the minimum probationary period of eighteen (18) months but not having received regular status shall be allowed leave of absence without pay for the duration of a national emergency. Following such leave, said employees shall be placed at the head of the eligible list for such position in the order of their seniority of employment and when appointed to a vacant position, they must be physically fit, as above specified, and shall serve the balance of their probationary period before attaining regular status.

Two (2) or more regular employees granted military leave of absence without pay from the same position shall be reemployed according to their seniority of employment, provided they are physically fit, as above specified.

9.4. Workers' Compensation Leave

Whenever an employee is disabled, whether temporarily or permanently, by injury or illness arising out of and in the course of his/her duties, he/she shall become entitled, regardless of his/her period of service with the City, to leave of absence, while so disabled, without loss of salary, in lieu of temporary disability payment, if any, which would be payable for the period of such disability but not exceeding one

(1) year or until such earlier date as he/she is retired on permanent disability pension.

If injury is claimed to be job-related or a recurrence of a previous job-related sickness or injury, it must be verified with a written physician's statement. Otherwise, disability leave will not be allowed. Any absence not so approved will be charged to sick leave if verification is not received within three (3) days of the initial absence. The company officer should originate a "Supervisor's Report of Accident" form (Form 78).

a. Notification to Department. The employee should notify the Chief's Operator or, if unavailable, the shift Telecommunications Supervisor at the ECD at the earliest reasonable time, but not later than 0645 hours of the day scheduled for duty.

b. Accessibility and Reporting. All officers and members of the Department on leave for injury (job-related or non job-related) shall be available at their homes or by telephone for consultation with the Fire Chief or the Fire Chief's designee(s). Exceptions to this rule shall only be made with the permission of the attending physician and the Fire Chief.

All officers and members of the Department on leave for injury (job-related or non job-related) for extended periods of time will make weekly progress reports by telephone to the Fire Chief's office.

c. Return to Duty. Upon availability for return to duty, employees shall notify the Chief's Operator, or if unavailable, the shift Telecommunications Supervisor at the ECD at the earliest reasonable time, but not later than 6:00 p.m. on the day prior to his/her next scheduled duty period.

d. **Forms and Procedures. Workers' compensation processing shall be consistent with City procedures and in accordance with state workers' compensation regulations. An employee who sustains a work-related injury or illness shall immediately inform his/her supervisor no matter how minor an on-the-job injury may appear. An employee who sustains a work-related injury or illness is required to seek medical care at facilities designated by the City unless they have filed a pre-designation of personal physician prior to sustaining the work-related injury or illness. For a list of City designated medical care facilities and/or physicians, please contact Human Resources**.

9.5. Leave of Absence

Employees shall not be entitled to leaves of absence as a matter of right, but only in accordance with the provisions of law and the Stockton Municipal Code. Unless otherwise provided, the granting of a leave of absence also grants to the employee the right to return to a position in the same classification or equivalent classification as the employee held at the time the leave was granted. The granting of any leave of absence shall be based on the presumption that the employee intends to return to work upon the expiration of the leave.

All approval authority over leaves of absence exercised by the Fire Chief under this section shall be subject to review by the City Manager, whose ruling shall be final.

Employees on authorized leaves of absence without pay shall not be entitled to payment by the City of the premiums for their health and dental insurance, except as provided hereafter.

The entitlement to City-paid premiums shall end on the last day of the month in which the employee was paid except that employees on an authorized leave of absence may continue enrollment in the City health and dental insurance plans by prepayment of the monthly premium during the authorized leave of absence.

Authorized absence without pay that exceeds thirty (30) consecutive calendar days, except military leave, shall not be included in determining salary adjustment rights, based on length of employment. Periods of time during which an employee is required to be absent from his/her position by reason of an injury or disease for which he/she is entitled to and currently receiving Workers' Compensation benefits shall be included in computing length of service for the purpose of determining that employee's salary adjustments.

9.6. Leave of Absence Without Pay

a. Purpose and Length. Only employees occupying regular positions on a permanent basis are eligible for leaves of absence without pay under the provisions of the section.

An appointing authority may grant leaves of absence without pay for personal reasons up to a maximum of twelve (12) months with the approval of the Director of Human Resources.

Leaves of absence without pay on account of illness or injury, which are not job incurred, may be granted for a maximum period of twelve (12) months with the approval of the Director of Human Resources. This includes

disabilities caused or contributed to by pregnancy, miscarriage, abortion, and childbirth and recovery therefrom.

Such a leave will be granted only after all accrued sick leave credits have been used and shall be substantiated by a physician's statement.

b. Application For and Approval of Leaves of Absence Without Pay. In order to receive leave without pay, an employee must submit a request on the prescribed form to the Fire Chief and the City Manager. The request shall set forth the reasons for the request and all other information required for the Fire Chief of the Fire Chief's representative to evaluate the request. Leaves without pay may be canceled by the Fire Department at any time.

9.7. Absence Without Official Leave (AWOL)

a. Denial of Leave Request or Failure to Return After Leave. Failure to report for duty or failure to report for duty after a leave of absence request has been disapproved, revoked, or canceled by the Department or City Manager or at the expiration of a leave shall be considered an absence without leave.

b. Voluntary Resignation. Any employee in this bargaining unit absent without leave for two (2) or more shifts in any calendar month without a satisfactory explanation shall be deemed to have voluntarily resigned from employment with the City.

SECTION 10. DAYS AND HOURS OF WORK

10.1. Workweek

The regularly scheduled workweek for each member of the Fire Unit assigned to fire suppression duties shall average fifty six (56) hours over a twelve (12) week period. The regularly scheduled workweek for each member of the Fire Unit assigned to work in the Department's administrative offices, the Fire Prevention Bureau, or the Division of Training shall be forty (40) hours. (For purpose of compliance with the Fair Labor Standards Act, a work period of 204 hours in a twenty seven (27) day cycle has been declared by the Fire Chief for suppression personnel.) Other work periods may be declared by the Fire Chief for some or all members of the Fire Unit when dictated by operational requirements of the Fire Department.

All working shifts will commence at 8:00 a.m., with the exception of the employees assigned to work in the Fire Administration Office, Fire Prevention Bureau employees, and Division of Training employees, whose hours shall be determined by the Fire Chief.

10.2. Shift Trades

Fire Unit employees will be allowed to trade shifts. Shift trade privileges shall be determined and administered by the Fire Chief or the Fire Chief's designee in accordance with Article J, Section 2 of the Fire Department Procedures Manual, which provides for Fire Unit employees to have up to a maximum of nine (9) uncompleted shift trades at any one time and that the period during which shifts are to be traded and paid back shall not exceed twelve (12) months.

10.3. Staffing Policy

The City has management rights to determine staffing and the City will comply with applicable CalOSHA laws.

SECTION 11. OVERTIME

11.1. Definition

a. For the purpose of determining whether an employee is to be paid at the rate of time and one-half (1-1/2) for hours worked in excess of **182 hours in a twenty-four (24) day work period** ~~216 hours in a twenty-seven (27) day work period,~~ hours worked shall include ~~all paid time as well as~~ all **actual** time worked.

b. For Fire Prevention Bureau employees and Division of Training employees, overtime shall be paid at the rate of time and one half (1-1/2) for all hours **of actual time worked** in excess of forty (40) hours in a seven (7) day work period ~~for which they are in a paid status because of the performance of work and/or the use of paid leave~~.

11.2. Compensatory Time

a. Definition. As used in this section, the term Compensatory Time refers to that time which an employee is entitled to be absent from duty with pay for hours worked in addition to or in excess of their normal work schedule.

b. Use. Such compensatory time must be taken during the same **twenty-four (24)** ~~twenty seven (27)~~ day work period in which it is earned and will be credited on an hour off for hour worked basis. The accrual of compensatory time and the date upon which such time will be taken must be authorized by the Fire Chief or the Fire Chief's designated representative prior to both the performance of the hours worked and the compensatory absence from duty. In the event the employee determines that he/she is unable to take accrued compensatory time during the same **twenty-four (24)** ~~twenty seven (27)~~ day work period in which it is earned, pay for such time shall be provided at straight time or time and one half (1-1/2) depending upon the number of hours worked by the employee during the work period.

c. Department Policy. Compensatory time for sworn 40-hour personnel shall be provided in accordance with the Department's Policy and Procedures, Article J, Section 3B.

11.3. Fair Labor Standards Act

The City and the Union shall cooperate with each other to promptly resolve any issue that may arise during the term of this Memorandum of Understanding regarding compliance with the Fair Labor Standards Act. Any dispute involving the interpretation or application of the Fair Labor Standards Act may be referred to the

City Manager by the complaining party or by the Director of Human Resources. Such referral shall be in writing, detailing the specific issue(s) involved in the referral together with a statement of the resolution desired. The City Manager shall designate a personal representative who shall not be the Director of Human Resources to investigate the merits of the dispute, meet with the complaining party, and attempt to settle the dispute. The availability of this procedure shall not be deemed to limit or foreclose the rights of an employee to seek relief in such other forums as the law provides.

~~The interpretation and application of the Fair Labor Standards Act with regard to the following provisions: Work Out of Classification, Training Time, Rank for Rank Relief, Continuing Education for Paramedics, and Calculation of Overtime Pay for Fire Suppression Personnel, shall be administered in accordance with the Letter of Understanding dated May 5, 1986, between the City and the Union, which states:~~

~~This is to set forth certain agreements and understandings between the Union and City, through their designated representative, as to the interpretation and application of the Fair Labor Standards Act with regard to the employees in the Fire Unit. The provisions set forth in this section shall be binding on the parties and shall remain in effect for the duration of the existing Memorandum of Understanding.~~

a. Work Out of Classification: Employees assigned to work overtime in a position or classification other than the position or classification to which they are permanently appointed will be paid overtime at the hourly rate attached to the position or classification in which they are performing such overtime work. Individual premium pay to which an employee is regularly entitled shall be included when computing overtime for work performed in a position or classification to which the employee does not hold a permanent appointment.

b. Training Time. The time spent by an employee for job-related training in which participation is required **by the City** as a condition of **continued** employment shall be considered as hours worked. Said training time shall be viewed as hours worked in lieu of the employee's normally scheduled shifts for that period. Employees shall participate in such training programs during their normally scheduled hours of work when provided by the City during those hours, unless there is a particular hardship or schedule conflict which precludes the employee's attendance, in which event approval to obtain such training during off-duty hours must be requested and obtained in advance from the Fire Chief or the Fire Chief's designated representative.

~~For example, a Firefighter who would normally work Tuesday and Friday (48 hours), but is sent to Asilomar for the period from Monday through Friday will be credited as though he/she worked his/her normal shifts.~~

~~c. Rank for Rank Relief. In providing relief, Fire Unit employees may work in a rank lower than the rank which they currently hold, but may not provide relief by working in a rank above their current rank, except in extraordinary circumstances.~~

c. ~~d.~~Continuing Education for Paramedics. **Upon prior approval of the Fire Chief** ~~T~~the City will compensate members of the Fire Unit at their straight time rate for time spent, **in an off-duty status**, in continuing education necessary to maintain their certification, up **to twenty-four (24) hours or less in a 2 year certification period** ~~a maximum of forty-four (44) hours per calendar year~~.

~~e. Calculation of Overtime Pay for Fire Suppression Personnel. For purposes of computing overtime for Fire Unit employees pursuant to the Fair Labor Standards Act, the City will comply with Section 778.109 of the Department of Labor regulations concerning the calculation of the regular rate. Section 778.109 of the Department of Labor regulations provides that the regular hourly rate of pay of an employee is determined by dividing his/her total remuneration for employment in the applicable work period by the total number of hours actually worked by the employee in that work period for which such compensation was paid. An example of the method of calculating overtime compensation using a Fire Captain working suppression for the City would be as follows:~~

~~For illustrative purposes only assume:~~

~~$2,795 = set salary for the 27-day work period for a Captain~~
~~216 = number of "regular hours" worked within the 27-day period~~

~~Regular rate is computed as follows:~~

~~$2,795/216 = $12.94~~

~~If hours worked = 204 through 216, the overtime rate = ½ x $12.94 = $6.47~~

~~If hours worked are greater than 216, the overtime rate = 1 ½ x $12.94 = $19.41~~

~~If a particular Captain working suppression worked one 24-hour shift of overtime as a Captain within the 27-day work period, overtime would be computed as follows:~~

~~Hours worked in excess of 216 = 24~~
~~Regular rate is $12.94 x 1.5 = $19.41~~

~~\$19.41 x 24 = \$465.84 overtime~~

~~If a particular Captain working prevention worked one 24- hour shift as a Firefighter at overtime in suppression within the seven (7)-day work period, overtime would be computed as follows:~~

~~Hours worked in excess of 40 = 24~~
~~Regular Firefighter x 1.5 = overtime rate~~
~~Overtime rate x 24 = overtime~~

~~The Union and City, through their designated representative, have attempted in good faith to insure that the policies and practices of the City regarding overtime pay for the members of the Fire Unit are in conformance with the requirements of the Fair Labor Standards Act. Nothing shall prohibit the Union and City from meeting and conferring over provisions of the Fair labor Standards Act by mutual agreement. In the event it is determined by a court or competent jurisdiction that any policy or practice of the City or authorized by this Memorandum of Understanding is inconsistent with the Fair Labor Standards Act, the designated representatives of the Union and City shall immediately meet and confer and amend such policy or practice to conform with the requirements of the Fair Labor Standards Act.~~

d. ~~f.~~Calculation of Pay While in Fire Academy. While enrolled in the Fire Academy, newly appointed firefighters shall have their pay calculated on a 40-hour work week (this will not include FLSA pay based on a 56-hour work week as an EMSTT, nor will an Unassigned Paramedic add pay be due).

SECTION 12. HOLIDAYS

a. **Employees shall receive the following holidays on full pay not to exceed eight (8) hours for any one (1) holiday, unless otherwise provided in this section.** The City observes the following holidays on the dates indicated:

(1)	New Years Day	(January 1)
(2)	Martin Luther King's Birthday	(Third Monday in January)
(3)	Lincoln's Birthday	(Second Monday in February)
(4)	Washington's Birthday	(Third Monday in February)
(5)	Cesar Chavez Day	(March 31)
(6)	Memorial Day	(Last Monday in May)
(7)	Independence Day	(July 4)
(8)	Labor Day	(First Monday in September)
(9)	Columbus Day	(Second Monday in October)
(10)	Veterans' Day	(November 11)
(11)	Thanksgiving	(Fourth Thursday in November)
(12)	The day following Thanksgiving	(Fourth Friday in November)
(13)	Christmas Day	(December 25)
~~(14)~~	~~Employee's Birthday~~	

Effective August 1, 2011, a new salary range for forty (40) hour administrative positions in this unit will be established that will be 5.75% lower than the salary range for fifty-six (56) hour employees as reflected in the City's Salary Schedule as of March 31, 2011.

Effective August 1, 2011, the differential for Administrative Captain and Other Administrative Positions in section 13.**13** ~~15~~ and 13.**14** ~~16~~ will be increased by the 6.34%.

b. **Except for employees in administrative assignments who observe holidays, employees in this bargaining unit receive the dollar value of the holidays listed above (as noted in their salary ranges) in lieu of observing holidays. Effective July 1, 2012 the salary ranges for employees, excluding those in administrative assignements, shall have their salary ranges reduced by the value of the one holiday.**

c. **Effective July 1, 2012 the total differential for Administrative Captain and Other Administrative Positions performing Administration duties, including but not limited to the 6.34% Holiday Pay as specified in Section 12, shall be capped to a maximum of ten percent (10%) for all Administrative related differentials.**

d. **Holiday Compensation Upon Separation**

When an employee is separated from the service between February 17, 2012 and July 1, 2014, the employee's remaining holiday allowance, if any, shall be paid as follows:

a. Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated holiday hours.

b. On the one year anniversary of employee's separation, he/shall shall receive the second payment of one third (1/3) or $10,000, whichever is greater of the balance of his/her unused accumulated holiday hours.

c. On the second year anniversary of employee's separation he/she shall receive payment for the balance of the unpaid accumulated holiday hours.

d. Employees who are involuntarily separated shall have their remaining holiday allowance, if any, added to his/her final compensation.

SECTION 13. COMPENSATION AND ALLOWANCES OTHER THAN BASE SALARY

13.1. Public Employee Retirement System Benefits for Unit Employees hired on or before June 30, 2011

The City participates in the California Public Employees' Retirement System (PERS) and shall provide the Union's members hired on or before June 30, 2011 with the following retirement benefits in accordance with state law and the agreement between the City and PERS.

a. Retirement Contribution Supplement. The City contributes an amount equal to nine percent (9.0%) of the employee's current base salary and other compensation as qualified by State law toward PERS benefits. Such amounts will be applied to the employee's individual account in accordance with Government Code section 20691.

b. Military Service Credit. The City will make application to PERS to provide for military service pursuant to the provisions of Government Code section 21024 (formerly 20930.3), at the employee's expense, effective upon adoption by the Stockton City Council and PERS Administration Board.

c. Employee Contributions. In accordance with Government Code section 20692 (formerly 20615.5, Employer Paid Member Contributions as Compensation), employees, at the beginning of their last year of employment, will pay their nine percent (9.0%) employee contribution through an automatic payroll deduction. The base salary for those employees will be increased by that same nine percent (9.0%) for the last twelve (12) months of employment (IRS Code § 414H(2) will be concurrently implemented with the PERS amendment).

d. Effective August 1, 2011, employees hired on or before June 30, 2011 shall pay nine percent (9%) of the employee's current base salary (employee contribution) and other compensation as qualified by state law towards the Public Employees' Retirement System (PERS) towards employer's share of cost for PERS pension on a post-tax basis in the form of a payroll deduction. The City will seek an IRS private letter ruling to determine whether or not the IRS permits the employee's contribution to the employer's share of pension cost to be treated on a pre-tax basis. If the IRS issues a private letter ruling allowing employee's contribution toward employer pension cost on a pre-tax basis, the City will change the deduction from post-tax to pre-tax as soon as administratively possible after the IRS final determination. Additionally, the City will work with PERS to determine whether or not PERS will allow a contract amendment per Section 20516 to allow an employee contribution in

the amount of 9% of the employee's current base salary (employee contribution) and other compensation as qualified by PERS towards the employer's share of cost for PERS pension on a pre-tax basis. If PERS determines that the maximum contribution through a PERS Section 20516 amendment is less than the 9% and/or some or all of the contributions sunset at specific time in the future, the parties agree that the City shall deduct the percentage up to 9% not covered by the PERS amendment process through a payroll reduction.

e. Three Percent At Age 50 Retirement Benefits. As soon as possible following the City and Union's execution of this Memorandum of Understanding, the City shall make application with PERS to provide Government Code section 21362.2 (3.0% at age 50) benefits, with the benefit to be effective for Union's members on December 16, 2001, or following the approval and adoption by the Stockton City Council and PERS Board of Administration, if after December 16, 2001.

f. Additional PERS Benefits. The following PERS benefits shall remain in effect during the term of this Memorandum of Understanding: Sick Leave Conversion (Government Code section 20965), Survivor Benefit Level 4 (Government Code section 21574), Post-Retirement Survivor Allowance to Continue After Remarriage (Government Code section 21635), and Continuation of Death Benefits After Remarriage (Government Code section 21551).

The Union shall have such other PERS benefits as set forth in the agreement between the City and PERS as of the date of execution of this Memorandum of Understanding.

13.2. Public Employee Retirement System Benefits for Unit Employees hired on or after July 1, 2011

The City will contract with PERS to provide a new second tier retirement program of 3% at 55 with three year average salary formula and no other additional PERS enhanced benefits except for those statutorily required for employees hired on or after July 1, 2011 or as soon as administratively possible. Effective July 1, 2011, all employees shall pay 9% of the employees' current base salary towards the employee's contribution towards PERS and any other compensation as qualified by state law towards PERS retirement benefits through a payroll deduction.

13.3. Certification Incentive Pay

The City will pay three percent (3.0%) of the top step of rank for sworn Fire Unit employees who attain an Intermediate Certificate.

The City will pay ~~six~~ **five** percent (6**5**.0%) of the top step rank for sworn Fire Unit employees who attain an Advanced Certificate.

13.4. HAZ/MAT Assignment

The City shall pay five percent (5.0%) of the top step of rank for sworn Fire Unit employees actively assigned to the HAZ/MAT response team. This section applies to a total certified and assigned complement of twelve (12) employees.

13.5 EMT Certification

It is the policy of the Stockton fire Department that all sworn employees assigned to line fire suppression activities and working in the rank of Battalion Chief and below shall maintain a current San Joaquin County Emergency Medical Technician ("EMT") certification or face disciplinary procedures detailed below.

Each member shall secure EMT certification within one year of commencement of employment and maintain that certification throughout his/her career while assigned to line fire suppression activities. In the event a new member does not have EMT certification upon employment, the member shall be provided Emergency Aid Responder ("EAR") training and certification by the Department's Division of Training prior to being placed on line.

All periodic re-certifications of EMT certification shall be prepared for and executed during on-duty training sessions conducted by the Division of Training. If a member fails to re-certify after one attempt, the Division of Training shall provide additional resources to assist the member to prepare for a second attempt at re-certification in accordance with State regulations. The Division of Training's resources will include the following: study guides, textbooks, remedial lectures on deficiencies, and a list of local courses offered by other agencies. If the member fails the second attempt of the member's EMT certification expires, the member must obtain EAR certification, which shall comply with State law. The non-EMT member will be provided EAR training and certification by the Division of Training prior to assignment to line fire suppression activities.

Members whose certification lapses shall have 18 months to complete an EMT re-certification process. During this time frame, the member shall not trade shifts or work overtime without permission of the Fire Chief. The member shall be reduced one pay grade until EMT re-certification is achieved.

A member may attempt re-certification at any time and from any jurisdiction within the State of California. If the member fails to either (1) regain EMT certification within the eighteen month "correction period" or (2) fails to obtain EAR certification within 30 days of loss of EMT certification, the City may take appropriate disciplinary action pursuant to Rule XII of the Stockton Civil Service Rules and Regulations for Police and Fire Employees, up to and including termination.

This Letter of Understanding sets forth the entire integrated agreement between City and Local 456 and supersedes all prior negotiations, representations, understandings, and agreements between the parties, either written or oral, regarding the subject matter addressed herein.

Any disputes that result from this agreement shall be handled in accordance with the current Memorandum of Understanding (Fire Unit) grievance procedures.

[MODIFICATIONS FROM 2002 LETTER OF UNDERSTANDING ON PARAMEDIC PAY AND EMT CERTIFCATION.]

13.56 Paramedic Certification

The City shall pay Fire Unit employees who are assigned to Paramedic duties and possess a valid Paramedic certificate as follows:

- Paramedic Firefighter Step I: Six percent (6.0%) above top step of current applicable rank.
- Paramedic Firefighter Step III: Eight and one-half percent (8.5%) above top step of current applicable rank.
- Paramedic Firefighter Step V: ~~Eleven percent (11.00%)~~ **Nine percent (9%)** above top step of current applicable rank.
- Paramedic Engineer: Six percent (6.0%) above Engineer top step.
- Paramedic Fire Captain: Six percent (6.0%) above Fire Captain top step.

~~Unassigned Paramedic Pay. Effective August 1, 2011, Unassigned Paramedic pay shall be eliminated; however, only those employees as of July 31, 2011 receiving unassigned paramedic, shall continue to receive their five percent (5%) unassigned paramedic pay.~~ **Fire Captains who are not in assigned paramedic assignments will receive the Unassigned Paramedic rate only if they were receiving the assigned paramedic rate as of July 31, 2011. Effective June 30, 2013, all Fire Captains shall no longer receive unassigned paramedic pay.**

~~Administrative Captains that maintain a paramedic license, and are able to work on the line as a paramedic shall receive paramedic incentive pay. This benefit shall be retroactive to January 1, 2001.~~

~~Administrative Firefighters and Administrative Engineers that maintain a paramedic license and are able to work on the line as a paramedic, shall receive paramedic incentive pay. The Stockton Fire Department ("Department") does not currently utilize Administrative Firefighters or Administrative Engineers.~~

[MODIFICATIONS IN ADMINISTTRATIVE CAPTAINS AND ADMINISTRATIVE FIRE FIGHTERS PARAGRAPH FROM 2002 LETTER OF UNDERSTANDING ON PARAMEDIC PAY AND EMT CERTIFICATION]

13.67 Uniform Allowance

Employees in this unit shall receive a uniform allowance in the amount of six hundred dollars ($600.00). One-half (1/2) of the annual value of uniform allowance shall be paid to eligible employees during the months of April and October.

13.~~7~~8 Contagious Disease

The City shall make available, at no cost to the employee, screenings for all strains of hepatitis, hepatitis B vaccinations, and shall monitor employees' exposure to tuberculosis.

13.89 Acting Pay

An employee who is assigned in writing to work in a higher paid classification and who performs a majority of the duties of that higher position shall receive the rate of pay in a step of the higher classification which would have been received if the employee had been promoted into that classification.

13.910 Call-Back Pay

An employee called back to work to assist with a multiple alarm fire or other emergency situation after he/ she has worked a scheduled shift and has departed from the work site shall earn ~~four (4)~~ **three (3)** hours of call-back at the regular hourly rate of pay or time and one-half (1-1/2) of his/her regular rate of pay for time worked, whichever is greater.

The above provision shall not apply to employees called back due to an operator error that does not result in the employee being assigned for the day or an employee's participation in official meetings called by authorized personnel of the Stockton Fire Department. In such instances, the employee will be compensated on an hourly basis~~, which shall include the employee's travel time~~.

13.~~10~~1 Tiller Pay

Effective August 1, 2011, Tiller pay shall be eliminated; however, only those employees assigned and currently receiving Tiller Pay as of July 31, 2011 shall continue to receive their current five percent (5%) Tiller Pay.

Effective July 1, 2012, for those employees who were receiving Tiller Pay as of July 31, 2011, Tiller Pay shall be reduced to two and one-half percent (2.5%).

Effective June 30, 2013, Tiller pay for all employees shall be eliminated.

13.~~11~~2 Deputy Fire Marshal Series

Employees assigned as Deputy Fire Marshals shall be paid as follows:

Deputy Fire Marshal I:	Two and one-half percent (2.50%) above Firefighter top step
Deputy Fire Marshal II:	Five percent (5.0%) above Firefighter top step
Deputy Fire Marshal III:	Seven and one-half percent (7.50%) above Firefighter top step
Deputy Fire Marshal IV:	Ten percent (10.00%) above Firefighter top step
Fire Captain (FM III):	Ten percent (10.00%) above Fire Captain top step

13.~~12~~3 Fire/Engineer Operator

Employees assigned as Fire/Engineer Operators shall be paid five percent (5%) above the Engineer top step.

~~**13.14 Administrative Captain**~~

~~Employees assigned as Administrative Captains shall be paid at a rate that is ten percent (10.00%) above the amount (inclusive of the FLSA adjustment) paid to Captains assigned to fire suppression duties.~~

13.13~~4~~ Other Administrative Positions

a. Employees assigned as Administrative Captains shall be paid at a rate that is ten percent (10.00%) above the amount (inclusive of the FLSA adjustment) paid to Captains assigned to fire suppression duties.

b. ~~a.~~ Fire Unit employees assigned as an Administrative Firefighter shall be paid at the rate of five percent (5.0%) of top step of rank of Firefighter (inclusive of FLSA), with pay increases of two and one-half percent (2.50%) per annum to a maximum of ten percent (10.0%).

~~c.~~ b. Fire Unit employees assigned as an Administrative Firefighter/Engineer shall be paid at the rate of five percent (5.0%) of top step of rank of Firefighter/Engineer (inclusive of FLSA), with pay increases of two and one-half percent (2.50%) per annum to a maximum of ten percent (10.0%).

d. Effective July 1, 2012 the total differential for Administrative Captain and Other Administrative Positions performing Administration duties, including but not limited to the 6.34% Holiday Pay as specified in Section 12, shall be capped to a maximum of ten percent (10%) for all Administrative related differentials.

13.15~~7~~ Longevity Pay

a. Effective August 1, 2011, Longevity Pay shall be eliminated. However, the City shall grandfather only those employees who were employed on a permanent basis with the City on or before June 30, 2011 as follows: Effective August 1, 2011 each tier of the Grandfathered longevity pay reflects a reduction by two and a half percent (2-1/2%) of the previous Longevity tiers. For example, employees who had attained 22 years of continuous service and prior to August 1, 2011 were receiving 11.25% step increase shall effective August 1, 2011 receive the new grandfathered tier two rate of 8.75%. Employees who had attained 15 years of continuous service prior to August 1, 2011 previously receiving an additional 5% shall effective August 1, 2011 receive the new grandfathered tier one rate of 2.5%; while grandfathered employees can move to the next tier upon eligibility until July 1, 2012, effective July 2, 2012 grandfathered employees shall remain frozen at the tier they are in as of July 2, 2012. Grandfathered Longevity Tier One: For those employees hired on or before June 30, 2011 who by July 1, 2012 have attained fifteen (15) years of continuous employment with the City shall receive an additional two and a half percent (2.5%) of top step pay.

b. Grandfathered Longevity Tier Two: For those employees hired on or before June 30, 2011 who by July 1, 2012 have attained twenty-two (22) years of continuous employment with the City shall receive an 8.75% increase to the salary step of Firefighter, Firefighter/Engineer, and Fire Captain.

c. **Effective July 1, 2012, the grandfathered longevity tier one rate shall be reduced to one and a quarter (1.25%) percent and the longevity tier two rate shall be reduced to four point three seven (4.37%) percent.**

d. **Effective June 30, 2013, Longevity Pay Section 13.15(a) through (c) are eliminated and becomes inoperable and are eliminated for all grandfathered employees receiving longevity per this section.**

SECTION 14. INSURANCE PLANS

14.1. Health Insurance And Related Benefits

a. Choice of Health Plans. Employees in this bargaining unit shall have a choice of enrolling themselves and their eligible dependents in any of the City sponsored medical, dental and vision plans. Each plan shall offer an Employee only, Employee plus One and Employee plus two or more dependents coverage. The City shall offer two or more medical plans to regular employees.

b. Eligibility. Employees shall become eligible for Medical insurance on the first day of the month subsequent to completion of thirty (30) days of continuous service with the City. Employees shall become eligible for Dental insurance on the first day of the month subsequent to completion of sixty (60) days continuous service with the City. **An eligible employee and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/registered domestic partner or another eligible City employee, but not both. If an employee is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee plan (i.e., an employee and his or her dependent cannot be covered by more than one City-offered health plan).**

c. City Contribution Towards the Cost of Insurance Programs. Effective September 1, 2011:

(1) The City shall contribute up to $481.00 per month toward the cost of the monthly premium for employee-only medical/dental/vision plan coverage.

(2) The City shall contribute up to $875.00 per month toward the cost of the monthly premium for employee plus one dependent medical/dental/vision plan coverage.

(3) The City shall contribute up to $1165.00 per month toward the cost of the monthly premium for employee plus two or more dependents medical/dental/vision plan coverage.

These contributions are based on full-time employment; regular part-time employees shall receive a prorated contribution based on their percentage of full-time employment. Insurance plan premiums that exceed the City's monthly contribution shall be paid by the employee through payroll deductions. The City shall maintain its IRS 125 Plan to

allow for employee contributions for medical/vision/dental to be pre-tax premium conversion.

d. Plan Rules. Employees may insure themselves and their eligible dependents under the medical/vision and dental plans provided by the City, in accordance with the rules and regulations applicable to the selected Plan. Benefits in the Plan shall be in accordance with the Plan document.

e. Parties agree to plan design changes to the City's Modified Plan for employees, effective September 1, 2011.

14.2. Retirement Medical Allowance

~~The City shall pay a premium for the purpose of providing hospital, medical, and prescription benefits for each City employee who has retired. Such coverage shall include one (1) dependent and the following provisions shall apply:~~

a. ~~Normal Service Retirement. Eligibility for the allowance provided by this section is limited to employees who have retired subsequent to October 1, 1980, or were hired on or before June 30, 2011, and who retire at age fifty (50) or later. Such allowance shall terminate at age sixty five (65).~~

b. ~~Disability Retirement. Eligibility for the allowance provided by this section is limited to employees who have retired subsequent to October 1, 1980, or were hired on or before June 30, 2011, and such allowance shall be limited to a maximum of fifteen (15) years or the attainment of age sixty five (65), whichever occurs first.~~

c. ~~Prescription Coverage. Prescription coverage will be provided for retirees and one (1) dependent for those hired on or before June 30, 2011.~~

d. ~~Medical Plan. The medical plan for employees retiring on or after February 1, 1993, or were hired on or before June 30, 2011, shall be the City's modified employee medical plan which include medical design changes to the City's Modified Plan effective September 1, 2011.~~

~~Employees retiring on or after January 1, 1996, and hired on or before June 30, 2011, who are eligible for retirement medical allowance, may continue to be covered by the City's medical plan, when they reach age sixty-five (65), as supplemental coverage to Medicare or any other medical plan available to the retired employee. Said coverage shall extend to a retiree's spouse.~~

a. **Eligibility. An eligible retiree and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical**

plan or, as the dependent spouse/registered domestic partner or another eligible City employee/retiree, but not both. If an employee/retiree is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee or retiree's plan (i.e., a retiree and his or her dependent cannot be covered by more than one City-offered health plan). The City does not provide any retiree medical program, allowance, or City contribution for employees hired on or after July 1, 2011.

b. City Contribution for the Period of July 1, 2012 – June 30, 2013.

Effective July 1, 2012, for employees hired on or before June 30, 2011, at retirement only, the City shall provide to employees retiring from the City the following contribution towards the costs of retiree medical insurance for the period of July 1, 2012 – June 30, 2013.

1. Employees retiring with over 10 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $150 a month towards the cost of retiree medical insurance.

2. Employees retiring with over 20 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $300 a month towards the cost of retiree medical insurance.

3. Employees retiring with over 30 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $450 a month towards the cost of retiree medical insurance

4. Employees with less than 10 years of service for the City shall not be eligibility for a city contribution towards retiree medical and may not be enrolled in the City sponsored plans.

5. Benefits for part time employees who retire are prorated based on their full time equivalent.

6. The City contributions shall end with the death of the retiree and no survivor benefits are provided.

7. Retirees who are enrolled in city-sponsored plans may enroll their eligible dependents at their own expense.

c. Elimination of Retiree Medical Program effective June 30, 2013

Effective June 30, 2013, the City shall no longer provide a contribution towards the cost of retiree medical insurance for current employees (future retirees) and current retiree. Retirees shall not be eligible to participate in the City's medical plans.

14.3. Alternative Retirement Medical Plans

The parties have negotiated that employees may choose to enroll in one or more additional health plans instead of the City Modified Plan (including by not limited to Kaiser Sr. Advantage).

This language sets forth the conditions in which current employees, when they retire from the City and otherwise qualify for a retiree medical benefit from the City as stated in Sections 14.2 and 14.4 of this MOU, may also choose to enroll in City sponsored alternative plans in the same manner as when they were employees, as well as retiree only medical plans. The following conditions shall apply:

a. If an employee is in a City sponsored alternative plan at the time of retirement, the employee shall be allowed to continue in that Plan. Employees in the union sponsored plans authorized by the City such as Kaiser at the time of retirement shall be allowed to continue in that Plan. Employees not in an alternative Plan at the time of retirement shall not be allowed to enroll in any alternative plan except that; any retiree may voluntarily enroll in a City sponsored retiree only Plan.

A retiree may only enroll in alternative plans other than the City Modified Plan when:

a. The retiree selecting plans other than the City's Modified Plan must agree that the City's financial contribution to a premium payment for any other Plan shall not exceed the current contribution amount the City would pay if the retiree is enrolled in the City Modified Plan, and;

b. The individual retirees will be required to sign a form that indicates their agreement with these conditions.

The City reserves the right to eliminate these additional plans and the choice of multiple plans is not a vested right. Like the City Modified Plan, the City reserves the right to make plan design changes as necessary in these Alternative Plans.

14.3.4 Medicare Supplemental Coverage Requirements only for Employees hired on or before June 30, 2011

~~Upon reaching age sixty-five (65), retired employees are required by the City to apply for Medicare Part A and Part B coverage and to accept Medicare coverage if eligible. Those who must pay a premium to Medicare in order to obtain Part A coverage will be reimbursed by the City for their Medicare Part A premium. The City's medical coverage shall continue on a coordinated basis with the City as a secondary payer after Medicare pays as the primary provider. There may be occasions when paying the premium cost for Medicare Part A may not be in the City's best interest or the retiree may not be eligible. If such circumstances exist, the City's supplemental medical plan would then be the primary coverage plan. The City reserves the right to terminate reimbursement payments for Part A Medicare coverage, in which event the retiree will receive the City's modified medical plan which includes medical plan design changes effective September 1, 2011 as the primary health coverage, with the premiums for such coverage to be paid by the City. The coverage provided pursuant to this section shall apply to the retiree and his/her spouse.~~

The City reserves the right to terminate reimbursement payments for Part A Medicare coverage, in which event the retiree will receive the City's modified medical plan which includes medical design changes effective September 1, 2011 as the primary health coverage, with the premiums for such coverage to be paid by the City. The coverage provided pursuant to this section shall apply to the retiree and his/her spouse.

Under the federal Health Care Reform Plan, sponsors may modify the medical benefits provided to retirees only. The City will modify its retiree health care plan to reflect the following:

(a) Return Plan benefits for Acupuncture to 12 visits per year (instead of unlimited) and returns the payment percentage paid to 60% (instead of 80%);

(b) Return Plan benefits for Alcohol and Drug Treatment admissions to 30 days and 3 lifetime admissions (instead of unlimited);

(c) Return Plan benefits for Outpatient Mental Health or Nervous Disorder services to 15 visit maximum (instead of unlimited);

(d) Change Plan benefits for Preventative care and wellness to 80% instead of current 100%;

(e) Return Plan benefits on the lifetime cap on plan benefits to $2.5 million (instead of unlimited);

(f) Return Plan benefits on the maximum age of dependent children to be enrolled in the Plan to age 19 unmarried, and not serving in the armed forces to 23 if attending school full time and qualifies as a dependent for federal income tax purposes.(instead of age 26);

(g) Change Plan benefits for Emergency room benefits.

~~14.4. No Retirement Medical Allowance Requirements~~

~~The City does not provide any retiree medical program, allowance, or City contribution for employees hired on or after July 1, 2011. As soon as administratively possible the parties agree to establish an HRA for employees to use for current and future medical expenses and that the City will contribute an amount equal to one percent (1%) of the employee's current base salary that was previously contributed towards deferred compensation and now shall be directed into an HRA. The City will hold the 1% contribution effective July 1, 2011 in the payroll fund and will confer those contributions to the HRA accounts when established.~~

14.5. Life Insurance

Effective July 1, 2012, the City shall provide each employee group term life insurance coverage with a face value of fifty thousand dollars ($50,000.00).

14.~~3~~.6. Long Term Disability Insurance

~~The City rolled its contribution of long term disability (LTD) insurance into base pay and no longer provides a LTD program. Employees can purchase LTD insurance through the Union.~~ Effective July 1, 2012, the City shall reduce the base pay of employees in this unit by seventeen dollars ($17.00) per month, and shall instead provide to each bargaining unit member seventeen dollars ($17.00) per month for the purpose of purchasing Long Term Disability Insurance. The Union recognizes and agrees that it is their responsibility for purchasing such insurance for its represented employees or otherwise investing such payments pursuant to this section as it deems appropriate.

14.7 Survivors' Medical Benefit

The City in accordance with State law and its provisions shall provide medical, dental, prescription and vision benefits to the surviving spouse and children of unit employees killed in the line of duty. These benefits shall

discontinue upon marriage of the Battalion Chief's surviving spouse. The medical coverage shall be secondary at age sixty-five (65).

SECTION 15. SALARY PLAN

15.1. Salary Ranges

The salary ranges for all employees in this unit shall be as set forth in the City's Salary Schedule. The rates of pay set forth in the City's Salary Schedule represent the standard rates of pay for full time employment for each classification, unless the schedule specifically indicates otherwise.

15.2. Salary Upon Appointment

Except as herein otherwise provided, the entrance salary for a new employee entering the classified service shall be the minimum salary for the class to which the employee is appointed. When circumstances warrant, the City Manager may approve an entrance salary that is more than the minimum salary for the class. Such a salary may not be more than the maximum salary for the class to which that employee is appointed.

15.3. Salary Equivalents

Any monthly, daily, or hourly rate of pay may be converted into any equivalent rate of pay or to any other time bases only when, in the judgment of the City Manager, such a conversion is advisable. In determining equivalent amounts on different time bases the City shall provide tables or regulations for the calculation of payment for service of less than full time, and for use in converting monthly salaries to hourly rates, as well as for calculating hourly rates.

15.4. Salary Step Plan-Sworn Ranks

There shall be nine (9) salary steps for the classification of Firefighter. There shall be six (6) salary steps in each range for the classifications of Firefighter/Engineer and Fire Captain.

The first step shall be the minimum rate and shall be the normal hiring rate for the class. (In a case where a person possesses unusual qualifications, the City Manager may authorize appointment above the first step after receiving the recommendation of the department head. The same provisions shall apply to hourly paid and part-time employees.)

If a department head recommends to withhold increases to salary steps two (2) through nine (9) because an employee has not achieved the level of performance required, notice must be received by the City Manager at least four (4) weeks in

advance of the employee's eligibility date. The affected employee shall be furnished a copy of the department head's recommendation.

The second step shall be paid upon the employee's satisfactory completion of the Fire Academy and upon the written recommendation of the department head.

The third step shall be paid upon the satisfactory completion of six (6) months of service at the second step.

The fourth step shall be paid upon the satisfactory completion of six (6) months of service at the third step.

The fifth step shall be paid upon the satisfactory completion of one (1) year of service at the fourth step.

The sixth step shall be paid upon the satisfactory completion of one (1) year of service at the fifth step.

The seventh step shall be paid upon the satisfactory completion of one (1) year of service at the sixth step.

The eighth step shall be paid upon the satisfactory completion of one (1) year of service at the seventh step.

The ninth step shall be paid upon the satisfactory completion of six (6) months of service at the eighth step and upon the written recommendation of the department head.

As an exception to the foregoing, employees promoted to the rank of Fire Captain shall be eligible for step increases upon the satisfactory completion of six (6) months' service in each step of the Fire Captain salary range. Also, employees holding the rank of Firefighter/Engineer shall be subject to step increase intervals of one (1) year. However, the Firefighter/Engineer rank shall be limited to six (6) salary steps. Regardless of an employee's length of service, step advancements may be made upon recommendation of the department head with the approval of the City Manager, but not above Step No. 6 of the Firefighter/Engineer and Fire Captain salary ranges, and not above Step No. 9 of the Firefighter salary range.

Salary step increases shall be effective the first day of the pay period following appointment or revision. If the date of appointment or revision is the first day of a pay period, salary step increases shall be as of that date.

Changes in an employee's salary because of promotion, demotion, postponement of salary step increase or special merit increase will set a new salary anniversary date for that employee.

Salary range adjustments for the classification will not set a new salary anniversary date for employees serving in that classification.

15.5. Salary Step After Military Leave

All employees who have been granted military leave shall, upon their return to the City service, are entitled to the automatic salary advancements within the range scale of the established wage schedule of their classifications for the period they were in the military service.

15.6. Salary Step When Salary Range is Increased

Whenever the monthly schedule of compensation for a class is revised, each incumbent in a position to which the revised schedule applies shall be entitled to the step in the revised range which corresponds to the employee's step held in the previous range, unless otherwise specifically provided by the City Manager.

15.7. Salary Step After Promotion or Demotion

When an employee is promoted from a position in one rank to a position in a higher rank and at the time of promotion is receiving a salary equal to, or greater than, the minimum rate for the higher rank, that employee shall be entitled to a step in the salary range of the higher rank which is at least five percent (5.0%) above the current base pay salary on the salary schedule of the current base pay rate the employee has been receiving, except that the new step shall not exceed the maximum salary of the higher rank. When an employee is demoted, whether such demotion is voluntary or otherwise, that employee's compensation shall be adjusted to the salary prescribed for the rank to which demoted.

15.8. Salary on Reinstatement

If a former employee is reinstated to the same position previously held or to one carrying a similar salary range, his/her salary shall not be higher than his/her salary at the time of his/her separation unless there has been an increase within the salary range.

15.9. Salary Adjustments

The 8.5% Salary Survey increase initially effective on July 1, 2010 and the 3.68% Cost of Living increases initially included in the 2003 – 2007 MOU shall be eliminated retroactively and prospectively.

The Salary Schedule ~~as of March 31, 2011 and~~ attached in Appendix A shall provide salary rates for the duration of the contract ~~except for the changes to the salary schedule that establishes a new salary range for forty (40) hour employees in this unit, effective August 1, 2011 in accordance with the changes in holiday pay in Section 12~~. There shall be no salary increases for the duration of the contract.

SECTION 16. SEPARABILITY OF PROVISIONS

In the event that any provisions of this Memorandum of Understanding are declared by a court of competent jurisdiction to be illegal or unenforceable, that provision of the Memorandum of Understanding shall be null and void but such nullification shall not affect any other provisions of this Memorandum of Understanding, all of which other provisions shall remain in full force and effect.

SECTION 17. PRACTICES AND EXISTING MEMORANDA OF UNDERSTANDING

Continuance of working conditions and practices not specifically authorized by ordinance or by resolution of the City Council is not guaranteed by this Memorandum of Understanding.

~~In the event that PERS changes its interpretation concerning the compensability of the former procedure for the Earned Time Allowance, the parties commit to return to the Earned Time Allowance procedure for employees with twenty-two (22) or more years of continuous service.~~

This Memorandum of Understanding shall supersede all existing Memoranda of Understanding between the City and the Union.

SECTION 18. SCOPE OF AGREEMENT

Except as otherwise specifically provided herein, this Memorandum of Understanding fully and completely incorporates the understanding of the parties hereto and constitutes the sole and entire agreement between the parties on any and all matters subject to meeting and conferring.

SECTION 19. DURATION OF AGREEMENT

All provisions of this Memorandum of Understanding shall be effective as of the date of execution unless otherwise indicated herein, and shall remain in full force and effect up to and including June 30, ~~2012~~ **2013**.

SECTION 20. MAINTENANCE OF OPERATIONS

a. It is recognized that the need for continued and uninterrupted operation of City services is of paramount importance. Therefore, the Union and each employee represented thereby agrees that from the date of execution of this Memorandum of Understanding, through and inclusive of June 30, ~~2012~~ **2013**, the Union or any person acting on its behalf, or each employee in a classification represented by the Union, shall not cause, authorize, engage in, encourage, or sanction a work stoppage, slowdown, refusal of overtime work, refusal to operate designated equipment (provided such equipment is safe and sound), or picketing (other than informational picketing), against the City or the individual or concerted failure to report for duty or abstinence from the full and faithful performance of the duties of employment (including compliance with the request of another labor organization or bargaining unit to engage in such activity) in an attempt to induce a change in wages, hours, and other terms and conditions of employment.

b. An employee shall not be entitled to any wages or City paid benefits whatsoever if the City Council, by majority vote, determines to its satisfaction that the employee is or has engaged in any activity prohibited by subsection "a" of this section. In addition, the City may take other action that it deems appropriate.

c. If the City Council, by majority vote, determines to its satisfaction that subsection "a" of this section has been violated by the Union, the City may take such remedial action as it deems appropriate.

d. The Union recognizes the duty and obligation of its representatives and members to comply with the provisions of this Memorandum of Understanding and to make every effort toward inducing all employees in this unit to fully and faithfully perform their duties.

In the event any activity prohibited by subsection "a" occurs, the Union agrees to take any and all steps necessary to assure compliance with this Memorandum of Understanding.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Understanding this _____ day of _____.

STOCKTON PROFESSIONAL FIRE FIGHTERS' LOCAL UNION 456' INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS

By: _____
DAVID MACEDO
Its: President

By: _____
GREG BIDDLE
Its: Vice-President

CITY OF STOCKTON, a municipal corporation

By: _____
BOB DEIS
Its: City Manager

By: _____
TERESIA HAASE
Its: Director of Human Resources

APPROVED AS TO FORM:

WYLIE, McBRIDE, PLATTEN & RENNER

By: _____
CHRISTOPHER PLATTEN
Its: Legal Counsel

APPROVED AS TO FORM:
JOHN LUEBBERKE
CITY ATTORNEY

By: _____
JOHN LUEBBERKE
Its: City Attorney

ATTEST:
BONNIE PAIGE
CITY CLERK

By: _____

BONNIE PAIGE
Its: City Clerk

- Appendix A: Salary Schedule for the Fire Unit [UPDATE: PENDING AGREEMENT]
- Appendix B: City of Stockton Modified Employee Medical Plan With Plan Design Changes Effective September 1, 2011
- Appendix C: Release of Claims
- ~~Appendix D: Wellness – Fitness Program~~

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AB 506 LABOR MEDIATION PROPOSAL

APPENDIX A

FIRE UNIT

Job Classification	Salary Steps								
	1	2	3	4	5	6	7	8	9
Fire Captain	5,949.00	6,254.00	6,574.00	6,911.00	7,265.00	7,638.00			
Fire Captain - Admin	5,571.83	5,857.50	6,157.21	6,472.84	6,804.40	7,153.75			
Fire Captain (22 years)	6,634.00	6,974.00	7,331.00	7,707.00	8,102.00	8,517.00			
Fire Captain (22 years) - Admin	6,213.40	6,531.85	6,866.21	7,218.38	7,588.33	7,977.02			
Fire Fighter	4,139.00	4,351.00	4,574.00	4,808.00	5,055.00	5,314.00	5,586.00	5,872.00	6,173.00
Fire Fighter - Admin	3,876.59	4,075.15	4,284.01	4,503.17	4,734.51	4,977.09	5,231.85	5,499.72	5,781.63
Fire Fighter (22 years)	4,852.00	5,100.00	5,362.00	5,636.00	5,925.00	6,229.00	6,548.00	6,884.00	
Fire Fighter (22 years) - Admin	4,544.38	4,776.66	5,022.05	5,278.68	5,549.36	5,834.08	6,132.86	6,447.55	
Fire Fighter Engineer	5,240.00	5,508.00	5,791.00	6,087.00	6,399.00	6,727.00			
Fire Fighter Engineer - Admin	4,907.78	5,158.79	5,423.85	5,701.08	5,993.30	6,300.51			
Fire Fighter Engineer (22 years)	5,849.00	6,149.00	6,464.00	6,795.00	7,143.00	7,509.00			
Fire Fighter Engineer (22 years)- Admin	5,478.17	5,759.15	6,054.18	6,364.20	6,690.13	7,032.93			

APPENDIX B

Plan Feature	Coverage Amount	
	When Provided by a Participating Provider	When Provided by a Non-Participating Provider
Calendar year deductible *(only Allowable Charges for Covered Services in Article 3 of this document can be applied toward the deductible)*	$500 per person; $1,500 maximum per family	$1,500 per person; $3,000 maximum per family
Calendar year out-of-pocket maximum on Allowable Charges *(only Allowable Charges for Covered Services in Article 3 of this document can be applied toward the out-of-pocket maximum))*	$5,000 per person; $10,000 maximum per family	None
Overall lifetime maximum benefit	None	None
Hospital		
Inpatient confinement	80% of Allowable Charges after a copayment of $75 per admission	50% of Allowable Charges after a copayment of $200 per admission
Outpatient department	80% of Allowable Charges	50% of Allowable Charges
Emergency room	80% of Allowable Charges; 50% of Allowable Charges if it is determined that an Emergency did not exist	80% of Allowable Charges; 50% of Allowable Charges if it is determined that an Emergency did not exist
Skilled Nursing Facility	80% of Allowable Charges after a copayment of $75 per admission	50% of Allowable Charges after a copayment of $200 per admission
Outpatient therapy *(physical, respiratory, cardiac & speech)*	80% of Allowable Charges	50% of Allowable Charges
Home health care	80% of Allowable Charges	Not covered
Hospice care	80% of Allowable Charges	Not covered

Plan Feature	Coverage Amount	
	When Provided by a Participating Provider	When Provided by a Non-Participating Provider
Mental or nervous disorder		
Inpatient confinement	80% of Allowable Charges after a copayment of $75 per admission	50% of Allowable Charges after a copayment of $200 per admission
Outpatient services	80% of Allowable Charges	50% of Allowable Charges
Substance abuse treatment		
Inpatient confinement	80% of Allowable Charges after a copayment of $75 per admission	50% of Allowable Charges after a copayment of $200 per admission
Outpatient services	80% of Allowable Charges	50% of Allowable Charges
Outpatient diagnostic radiology & laboratory	80% of Allowable Charges	50% of Allowable Charges
Radiation therapy, chemotherapy & dialysis treatment	80% of Allowable Charges	50% of Allowable Charges
Physician services		
Office & hospital visits	80% of Allowable Charges	50% of Allowable Charges
Emergency room care	80% of Allowable Charges; 50% of Allowable Charges if it is determined that an Emergency did not exist (refer to Article 1 for the Plan's	80% of Allowable Charges; 50% of Allowable Charges if it is determined that an Emergency did not exist (refer to Article 1 for the Plan's
Surgery	80% of Allowable Charges	50% of Allowable Charges
Anesthesia and its administration	80% of Allowable Charges	50% of Allowable Charges
Preventive Care *(physical exam, screenings, tests & immunizations as recommended by certain government agencies – refer to the definition of Preventive Care Services in Article 1)*	Not subject to the calendar year deductible; 100% of Allowable Charges	Calendar year deductible applies; 50% of Allowable Charges

Dental treatment	Not covered except 80% of Allowable Charges for treatment of Accidental Injury to natural teeth	Not covered except for 50% of Allowable Charges for treatment of Accidental Injury to natural teeth
Chiropractic services	80% of Allowable Charges	50% of Allowable Charges
Pregnancy & childbirth *(dependent children are not covered by this benefit)*	Covered on the same basis as an illness	Covered on the same basis as an illness
Infertility	80% of Allowable Charges	50% of Allowable Charges
Organ & tissue transplants	Payable on the same basis as any other illness	Payable on the same basis as any other illness
Ambulance service	80% of Allowable Charges	50% of Allowable Charges
Prosthetics & orthotics	80% of Allowable Charges	50% of Allowable Charges
Durable medical equipment	80% of Allowable Charges	50% of Allowable Charges
Hearing aids	No Coverage	No Coverage
Prescription Drug Program ***(no calendar year deductible applies)***	**When Dispensed at a Participating Pharmacy**	**When Dispensed at a Non-Participating Pharmacy**
Retail pharmacy *(30 day supply limit)*	$10 copayment for a generic drug; $35 copayment for a non-generic formulary drug; no coverage for non-formulary drugs	Not covered
Mail service pharmacy *(90 day supply limit)*	$20 copayment for a generic drug; $70 copayment for a non-generic formulary drug; no coverage for non-formulary drugs	Not covered

Effective September 1, 2011

APPENDIX C: Sideletter Re: RELEASE OF CLAIMS

1. The Union (defined herein as including without limitation the Union's members, officials, attorneys and affiliates) agrees to dismiss with prejudice all claims raised, arising out of or related to the arbitration case pending before Arbitrator Alexander Cohn as well as all claims made, arising out of or related to the civil litigation entitled *IAFF Local 456 v. City of Stockton et al.*, San Joaquin Superior Court Case No. 39-2010-00244326 and the action entitled *IAFF Local 456 v. City of Stockton*, U.S.D.C., E.D. Cal. Case No. 2:10-CV-01828. The City further agrees that it will dismiss with prejudice its claims made in the above-referenced San Joaquin Superior Court case. Both the Union and the City will take all appropriate steps to carry out those mutual dismissals within 30 days of execution of this agreement.

2. In addition to dismissing the above-mentioned grievance and lawsuits, the Union hereby releases the City of Stockton (including without limitation its officers, employees, councilmembers, attorneys, agents and assigns) from any and all liability associated with the declarations of emergency dated May 26, 2010 and May, 17, 2011, including any and all actions taken by the City of Stockton and its employees, officers, councilmembers, attorneys and assigns) prior to October XX, 2011 (date the Council approves the final 2011 – 2012 MOU agreement) pursuant to the declarations of emergency, including, but not limited to, the Resolution affecting the terms and conditions of employment of past, present or future sworn employees in the Fire Department (Resolution No. 10-0200). By entering this agreement, the Union releases the City (as broadly defined above) of any and all liability related to staffing changes, equipment closures, loss of wages and benefits, and other changes to the terms and conditions of employment that resulted from

APPENDIX C: Sideletter Re: RELEASE OF CLAIMS

settlement with the debtor.5. In consideration of the foregoing promises and other considerations, the Union, for itself, its attorneys, members, officers, directors, represented employees and affiliates, hereby fully and forever releases, discharges and covenants not to sue or otherwise institute in any way, actively participate in or voluntarily assist in any legal or administrative proceedings against the City arising from or attributable to the City's emergency declarations for actions or omissions that took place before October XX, 2011 (the date the Council approves the final 2011 – 2012 MOU) pursuant to those declarations. The effective date of the release shall be the date of the City Council's approval of the 2011 – 2012 MOU between the City and the IAFF Local 456 Fire Unit.

6. All parties expressly waive any right to recover attorneys' fees and costs.

APPENDIX D

LETTER OF AGREEMENT
STOCKTON FIRE DEPARTMENT'S WELLNESS-FITNESS PROGRAM

It is understood and agreed by and between the CITY OF STOCKTON FIRE DEPARTMENT, hereby referred to as the "Department," and the STOCKTON PROFESSIONAL FIRE FIGHTERS' LOCAL 456, INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS,' hereby referred to as the "Union," that a Wellness-Fitness Program will begin with the following provisions:

1. The Wellness-Fitness Program is a collaborative approach between Management and Labor to develop, promote, enhance and maintain the wellness and fitness of members of the Department.
2. The Wellness-Fitness Program will be based on the International Association of Fire Fighters' (IAFF) Joint-Labor Management Wellness Fitness Initiative.
3. The sole purpose of the Wellness-Fitness Program is to increase the physical and mental well being of Union members of the Department.
4. Participation in the Wellness-Fitness Program is mandatory for the program's testing, evaluations, and daily physical training requirements. No disciplinary action will be taken because of results that are obtained due to the physical examination and fitness tests performed during the Wellness-Fitness Program.
5. Confidentiality of medical information is a critical aspect of the Wellness-Fitness Program. The Department agrees that all information obtained from the medical and physical evaluations is confidential, and the Department will only have access to information regarding necessary work restrictions and appropriate accommodations as Dr. Sepiol or his replacement deems necessary. The Department also agrees that all medical information must be maintained in separate files from all other personnel information.
6. The quantitative content of the yearly examinations will be determined by Dr. Sepiol, or his replacement.

Any dispute arising as to the interpretation of application of the provisions of this agreement shall be resolved in accordance with the grievance provisions set forth in section 8 of the Fire Unit MOU.

IN WITNESS WHEREOF, the parties here to have executed this Letter of Agreement this _____ day of November 2007, to be effective upon ratification by the parties.

STOCKTON PROFESSIONAL
FIRE FIGHTERS' LOCAL UNION 456,
International Association of
Fire Fighters

By: _____
DAVID MACEDO
Its: President

By: _____
GREG BIDDLE
Its: Vice-President

CITY OF STOCKTON
FIRE DEPARTMENT

By: _____
RONALD L. HITTLE
Its: Fire Chief

APPROVED AS TO FORM:

WYLIE, McBRIDE, PLATTEN &
RENNER

By: _____
CHRISTOPHER PLATTEN
Its: Legal Counsel

APPROVED AS TO FORM:

RICHARD E. NOSKY, JR.,
City Attorney

By: _____
MICHON JOHNSON
Its: Deputy City Attorney

CITY OF STOCKTON

FIRE SERVICES MANAGEMENT UNIT
MEMORANDUM OF UNDERSTANDING

The Stockton Firefighters' Local 456, International Association of Firefighters and representatives of the City of Stockton have met and conferred in good faith regarding wages, hours and other terms of conditions of employment for employees in the representation unit identified in Section 1 of this Memorandum of Understanding, have exchanged freely information, opinions, and proposals, and have endeavored to reach agreement on all matters relating to the employment conditions and employer-employee relations of such employees.

This Memorandum of Understanding is entered into pursuant to the Meyers-Milias-Brown Act (Government Code sections 3500-3511) ("MMBA") and has been jointly prepared by the parties.

This Memorandum of Understanding shall be presented to the Stockton City Council as the joint recommendations of the undersigned regarding wages, hours and other terms and conditions of employment for the period commencing July 1, ~~2011~~ 2012, and ending on June 30, ~~2012~~ 2013. This agreement shall supersede all other existing agreements on the matters set forth herein.

(As amended, approved and adopted by Stockton City Council ~~on August 9, 2011~~.)

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SECTION 1. RECOGNITION

1.1. City Recognition

The City Manager, or any person or organization duly authorized by the City Manager, is the representative of the City of Stockton, hereafter referred to as the "City," in employer employee relations as provided in Resolution No. 32,538, adopted by the City Council on August 4, 1975.

1.2. Union Recognition

Pursuant to Resolution No. 36,011, adopted by the Stockton City Council on February 14, 1979, Stockton Firefighters' Local 456 (formerly Local 1229), International Association of Firefighters, is the recognized employee organization representing the Fire Services Management Unit, hereafter referred to as the "Union."

SECTION 2. UNION SECURITY

2.1. Dues Deduction

a. General. The Union may have the regular dues of its members within the representation unit deducted from employees' paychecks under procedures prescribed by the City for such deductions. The Union has the exclusive privilege of dues deduction for its members.

Payroll deductions shall be for a specified amount, consistent for all employee-members of the Union, and shall not include fines and fees.

Authorization, cancellation, or modification of payroll deductions shall be made upon forms provided or approved by the City. The payroll deduction authorized shall remain in effect until:

(1) Canceled or modified by the employee through written notice to the City; or

(2) The first day of the calendar month following the employee's transfer to a position represented by another employee organization; or

(3) The employee terminates his or her employment with the City.

Additional authorization shall not be required for deduction of increased membership dues when such increase has been duly approved by the membership of the Union. Notification of such approval shall be forwarded to the City in the form of written notice on official Union letterhead and signed by the Union President or other duly authorized Union official. Upon receipt of notification, the City shall authorize the payroll deduction of the increased amount.

[MODIFICATIONS IN THIS SECTION DUE TO INCORPORATION OF 2010 SIDE LETTER RE: UNION SECURITY.]

Amounts deducted and withheld by the City shall be transmitted to the officer designated in writing by the Union as the person authorized to receive such funds, at the address specified.

In addition to the deduction of dues, the City will deduct from the paychecks of Union members who request it, premiums for group insurance and investment plans sponsored by the Union. Such deductions shall be made in one lump sum and only upon receipt of a signed authorization from the employee on a form that is satisfactory to the City. ~~Such authorizations may~~

~~be made or changed no more frequently than twice yearly.~~ Such deductions shall be payable to the Union who is responsible for distribution to sponsored programs.

[MODIFICATIONS IN THIS SECTION DUE TO INCORPORATION OF 2010 SIDE LETTER RE: UNION SECURITY.]

The employee's earnings must be sufficient after all other required deductions are made, to cover the amount of the deductions herein authorized. When an employee is in a non pay status for an entire pay period, no withholdings will be made from future earnings to cover that pay period nor will the employee deposit the amount with the City which would have been withheld if the employee had been in a pay status during that period. In the case of an employee who is in a non-pay status during part of the pay period and the salary is not sufficient to cover the full withholding, no deduction shall be made. All other required deductions shall have priority over the employee organization deduction.

b. Indemnity and Refund. The Union shall indemnify, defend, and hold the City harmless against any claim made or any suit initiated against the City in connection with or as a result of any employee authorized deduction and/or payment of Union dues or premiums for benefits. In addition, upon presentation of supporting evidence, the Union shall refund to the City any amounts paid to it in error.

2.2. Use of City Facilities

The Union shall be allowed by the City department in which it represents employees use of space on available bulletin boards for communications having to do with official Union business, such as times and places of meetings, provided such use does not interfere with the needs of the department.

Any representative of the Union shall give notice to the Fire Chief or the Fire Chief's designated representative when contacting Department employees on City facilities during the duty period of the employees, provided that solicitation for membership or other internal Union business shall be conducted during the non duty hours of all employees concerned. Prearrangement for routine contact may be made with the Fire Chief or the Fire Chief's designated representative and when made shall continue until revoked by the Fire Chief.

City buildings and other facilities may be made available for use by City employees and the Union or their representatives in accordance with such administrative

procedures as may be established by the City Manager or department heads concerned.

Members of the Union are prohibited from using City equipment and/or time for their personal use.

2.3. Advance Notice

Except in cases of emergency, the Union shall be given reasonable advance written notice of the proposed change to any ordinance, resolution, rule, or regulation to be adopted by the City that relates to matters within the scope of representation and shall be given the opportunity to negotiate, if requested, with the management representatives designated by the City Manager.

In cases of emergency which constitute an imminent threat to the City's financial and/or other resources, the City may immediately implement any emergency measures the City deems necessary to prevent the public business and/or the City's operations from being financially or otherwise impaired and deal with the emergency at hand. At the earliest practicable date thereafter, the Union shall be provided with the notice described above and be given an opportunity, if requested, to negotiate changes to the content of said notice with the management representatives designated by the City Manager.

2.4. Attendance at Meetings by Employees/Release Time

a. **Release Time Related to Meet and Confer.** City employees who are official representatives ~~or unit representatives~~ of the Union shall be given reasonable time off with pay**, in accordance with the MMBA,** to attend meetings with City management representatives ~~or be present at City hearings~~ where matters within the scope of representation or grievances **related to this unit** are being considered. The use of official **release** time for this purpose shall be reasonable and shall not interfere, as determined by the City, with the performance of City services. Such employee representatives shall request an excused absence, prior to the scheduled meeting, whenever possible. Except by mutual agreement, the number of employees excused for **release time related to meeting with City management on meet and confer and grievance matters** ~~such purposes~~ shall not exceed three (3) per recognized bargaining unit.

SECTION 3. NON-DISCRIMINATION/EQUAL EMPLOYMENT

3.1. Non-Discrimination/Equal Employment

The City and the Union agree that there shall be no discrimination of any kind on the basis of **age (over 40),** race, creed, color, religion, national origin **(ancestry), veterans status, physical or mental disability, marital status,** sex **(sexual, gender based, pregnancy/childbirth)**, sexual orientation, ~~disability, age,~~ political affiliation, legitimate Union activity, or on any other basis prohibited by applicable federal and State law against any employee or applicant for employment. In addition, the Union shall cooperate with the City, to the extent authorized by federal and State laws and regulations, in furthering the City's objective of promoting equal employment opportunities.

SECTION 4. PROBATION

~~Promotional appointments in the Fire Department are permanent appointments and are not subject to a probationary period.~~ **All promotional Fire Department appointments shall be subject to a probationary period of twelve (12) months. The probationary period for Fire Department promotional positions shall not be extended.**

SECTION 5. LAYOFF

Any employee may be laid off by the appointing authority in the event of the abolition of his/her position by the City Council or if a shortage of work or funds requires a reduction in personnel. The appointing authority shall have the power to determine, after consideration of work requirements and the efficiency and conduct of individual employees and their length of service, the order in which employees shall be laid off.

5.1. Layoff Scope

a. Layoffs shall be within departments of the City.

b. The departments of the City are defined as follows:

(1) Administrative Services Department
(2) City Attorney
(3) City Auditor
(4) City Clerk
(5) City Manager
(6) Community Development Department
(7) Fire Department
(8) Housing and Redevelopment Department
(9) Human Resources Department
(10) Library Services Department
(11) Municipal Utilities Department
(12) Parks and Recreation Department
(13) Police Department
(14) Public Works Department

5.2. Notice of Layoff

The City will give advance written notice of at least one (1) pay period to employees who will be laid off.

5.3. Precedence by Employment Status

No permanent employee shall be laid off while employees working in an extra help, seasonal, temporary, provisional, or probationary status are retained in the same classification as such permanent employee. The order of layoff among employees not having permanent status shall be according to the following categories, as listed in ascending order:

a. Extra Help
b. Provisional

c. Temporary
d. Probationary

Layoffs shall be by job classification according to the length of time served in that class, except as specified above. For the purpose of this procedure, part time classes shall be considered separate from and shall be laid off prior to regular full-time classes. The following provisions shall apply in computing total continuous service:

a. Time spent on military leave shall count as service if the leave was taken subsequent to entry in the Department.

b. Time worked in an extra help, seasonal, provisional, temporary, grant, or other limited term status shall not count as service for any other class.

c. Time worked in a permanent or probationary status shall count as service time.

If two (2) or more employees have the same seniority, the order of seniority shall be determined by the employees' examination results and ranking on the respective eligibility list upon which the employees' were subsequently hired ~~lot~~.

[MODIFICATIONS IN THIS SECTION DUE TO INCORPORATION OF 2010 LETTER OF AGREEMENT RE: TIE BREAK AND REEMPLOYMENT LIST.]

5.4. Employee Options

Employees laid off shall have the following choices:

a. Displacing the employee in the same department and in the same or clearly comparable classification as determined by the Director of Human Resources as having the least (total service) seniority. This option shall be exercised before any other option.

b. Taking a voluntary demotion within the department to a classification in which the employee had prior permanent status, thus displacing the employee working in that classification who has the least (total service) seniority.

SECTION 6. REEMPLOYMENT

When an employee with ~~in the~~ classified service whose ~~has been~~ performance~~ing~~ evaluation conducted by the employing department reflects that the employee is performing ~~his/her~~ duties ~~in a~~ satisfactorily ~~manner, as shown by the records of the department in which he/she has been employed,~~ is laid off ~~because of~~ due to lack of funds or their ~~abolition of his/her~~ position is abolished or ~~has been~~ on authorized leave of absence and is ready to report for duty when a position is open, the Civil Service Commission shall cause the name of the ~~such~~ employee in the appropriate class to be placed on the reemployment list. ~~for the appropriate class for reemployment within two (2) years thereafter when vacancies occur. The employee shall not be placed on said list or lists without his/her request.~~ Except as otherwise provided in subsection (b) below, the Civil Service Commission shall cause the name of each employee laid off in accordance with these rules to be placed on the reemployment list for the appropriate class for reemployment within two (2) years thereafter when vacancies occur.

(a) An employee who receive a notice of layoff and exercises the option to demote to a previously held lower classification shall be placed on the reemployment list for the position from which the employee demoted, as provided for in subsection (a), above, and remain on the list either until the employee is appointed to the position or the employee declines appointment to the position. The reemployment rights granted by this subsection are applicable only to employees who demote to a previously held lower classification after receiving a notice of layoff.

The reemployment list for any class shall be established by a Civil Service resolution, as needed. The order in which names shall be placed on the reemployment list for any class shall be by seniority, which means "last laid off, first rehired." **An employee who waives reemployment shall have his/her name removed from the reemployment list, unless mutually agreed to by the Department and employee.**

~~The order in which names shall be placed on the reemployment list for any class shall be established by resolution from time to time by the Civil Service Commission. The Civil Service Commission shall determine this order by impartial investigation based upon consideration of work requirements, the efficiency and conduct of the individual employees, their length of service, and recommendation by the appointing authority and the Fire Chief.~~

~~In filling vacancies, eligibles on reemployment lists take precedence over eligibles on any other lists for the same rank in the department for which the lists apply.~~

[MODIFICATIONS IN THIS SECTION (Other than the sentence above in bold are) DUE TO INCORPORATION OF 2010 LETTER OF AGREEMENT RE: TIE BREAK AND REEMPLOYMENT LIST.]

SECTION 7. DISCIPLINE

Disciplinary action, including discharge, suspension, reduction in pay, demotion, or other employment penalty may be taken against any employee for cause.

The appointing authority may discharge, suspend, or demote any employee in the classified service provided the City Charter provisions, the Rules and Regulations of the Civil Service Commission, and any applicable provisions of law are followed. Such provisions allow the employee suspended, demoted, or discharged to file an appeal to the Civil Service Commission. The employee may take any one (1) of the following actions:

a. File no appeal.

b. File an appeal with the Civil Service Commission within ten (10) business days of receipt of written notification of the action. Such filing will foreclose the use of the grievance procedure.

c. File a grievance as provided for in Section 8.2, below, within ten (10) business days of receipt of written notification of the action.

If the employee fails to do “b” or “c,” above, within the prescribed time frames, those rights will have been waived.

SECTION 8. GRIEVANCE PROCEDURES

8.1. Definition

A grievance is any dispute which involves the interpretation or application of those rules, regulations, and resolutions which have been, or may hereafter be, adopted by the City Council to govern personnel practices and working conditions, including such rules, regulations, and resolutions as may be adopted by either the City Council or the Civil Service Commission to affect Memoranda of Understanding which result from the meeting and conferring process.

8.2. Filing Deadline

No grievance involving demotion, suspension, discharge, or other employment penalty will be entertained unless it is filed in writing with the Director of Human Resources within ten (10) business days of the time the affected employee received written notification of such action.

For purposes of filing appeals and grievances, the City's business days/hours are Monday through Friday, 8:00 a.m. to 5:00 p.m., excluding City-recognized holidays.

8.3. Grievance Processing

a. Step 1 - Departmental Review. Any employee who believes that he/she has a grievance may discuss the matter with such management official as the Fire Chief may designate. If the issue is not resolved by the Department within seven (7) working days from the day of presentation, or if the employee elects to submit his/her grievance directly to the Union's recognized representative, the procedures set forth in Step 2, below, may be invoked.

b. Step 2 - Director of Human Resources Review. Any employee or any official of the Union may notify the Director of Human Resources in writing that a grievance exists, stating the particulars of the grievance and, if possible, the nature of the determination desired. The Director of Human Resources shall have fourteen (14) working days in which to investigate the issues, meet with the complainant, and attempt to reach a satisfactory resolution of the problem. No grievance may be processed under the following two (2) paragraphs which has not first been filed and investigated in accordance with this paragraph, except for the resolution of compensation complaints.

c. Step 3 - City Manager Review. Any grievance that has not been resolved by the procedures set forth above may be referred to the City Manager by the complainant or by the Director of Human Resources. Such referral shall be

in writing, detailing the specific issues involved in the referral together with a statement of the resolution desired. The City Manager shall designate a personal representative, who shall not be the Director of Human Resources, to investigate the merits of the complaint, to meet with the complainant, and, if the complainant is not the Union, to meet also with the officials of the Union to settle the grievance or to make recommendations to the City Manager.

d. Step 4 - Arbitration. If the grievance is not resolved at Step 3, either the Union or the City may require that the grievance be referred to an impartial arbitrator who shall be designated by mutual agreement between the Union and the City Manager. The fees and expenses of the arbitrator and of a court reporter shall be shared equally by the Union and the City. Each party, however, shall bear the cost of its own presentation, including preparation and post hearing briefs, if any.

e. Effect of Decision. Decisions of arbitrators on matters properly before them shall be final and binding on the parties, except as otherwise provided herein.

8.4. Scope of Arbitration

No arbitrator shall entertain, hear, decide, or make recommendations on any dispute unless such dispute involves a position in a unit represented by the Union and unless such dispute falls within the definition of a grievance as set forth in paragraph 8.1, above.

Proposals to add to or change this Memorandum of Understanding or written agreements or addenda supplementary hereto shall not be arbitrable and no proposal to modify, amend, or terminate this Memorandum of Understanding, nor any matter or subject arising out of or in connection with such proposal, may be referred to arbitration under this section. The arbitrator selected pursuant to this section shall not have the power to amend or modify this Memorandum of Understanding or written agreements or addenda supplementary hereto or to establish any new terms or conditions of employment.

No changes in this Memorandum of Understanding or interpretations thereof (except interpretations resulting from arbitration proceedings hereunder) will be recognized unless agreed to by the City Manager and the Union.

8.5. Other Provisions

If the Director of Human Resources or the City Manager, in pursuance of the procedures outlined above, resolve a grievance which involves suspension or discharge, they may agree to payment for lost time or to reinstatement with or without payment for lost time, but in the event the dispute is referred to arbitration

and the arbitrator finds that the City had cause to take the action complained of, the arbitrator may not substitute his/her judgment for the judgment of management and if the arbitrator finds that the City had such right, he/she may not order reinstatement and may not assess any penalty upon the City.

All complaints involving or concerning the payment of compensation shall be initially filed in writing with the City Manager. Only complaints that allege the employee is not being compensated in accordance with the provisions of this Memorandum of Understanding shall be considered as grievances. Any other matters of compensation are to be resolved in the meeting and conferring process, and if not detailed in the Memorandum of Understanding which results from such meeting and conferring process, shall be deemed withdrawn until the meeting and conferring process is next open for such decision. No adjustment shall be retroactive for more than thirty (30) days from the date upon which the complaint was filed.

The provisions of this section shall not abridge any rights to which an employee may be entitled under the City Charter, nor shall it be administered in a manner that would abrogate any power which, under the City Charter, may be within the sole province and discretion of the Civil Service Commission.

All grievances of employees in representation units represented by the Union shall be processed under this section. If the City Charter requires that another option be available to the employee, no action under paragraph "d" of subsection 8.3, above, shall be taken unless it is determined that the employee is not availing himself/herself of such option.

No action under paragraph "d" of subsection 8.3, above, shall be taken if action on the complaint or grievance has been taken by the Civil Service Commission, or if the complaint or grievance is pending before the Civil Service Commission.

If any award by an arbitrator requires action by the City Council or the Civil Service Commission before it can be placed in effect, the City Manager and the Director of Human Resources will recommend to the City Council or the Civil Service Commission, as appropriate, that it follow such award.

SECTION 9. LEAVES

9.1. Vacation Leave

a. Accrued Vacation Allowance. All regular employees, excluding provisional, temporary, and part-time employees, shall accrue vacation leave as follows.

(1) 40 hour workweek employee:

Under 1.5 years	80 hours
1.5 – 7.5 years	108 hours
7.5 – 15 years	144 hours
15 – 25 years	189 hours
25 plus years	additional 7 hours each year

(2) 56 hour workweek employee:

Under 1.5 years	120 hours
1.5 – 7.5 years	162 hours
7.5 – 15 years	216 hours
15 – 25 years	283.5 hours
25 plus years	additional 10.5 hours each year

(3) Employees shall accrue vacation on a twice-monthly basis.

Effective June 30, 2012, the following maximum vacation accruals shall take effect. Employees reaching the maximum hours provided here shall stop accruing additional vacation hours until they are below the caps listed here. No vacation hours may be added to sick leave and balances without exception.

The maximum number of vacation hours that employees shall accrue for employees on a 40 hour workweek shall be:

Under 1.5 years	~~200~~ **120** hours
1.5 – 7.5 years	240 hours
7.5 – 15 years	280 hours
15 – 25 years	320 hours
26 years	328 hours
27 years	336 hours
28 years	344 hours
29 years	352 hours

29 plus years	7 hours each additional year

(4) And for employees working on a 56 hour workweek the maximum number of vacation hours shall be:

Under 1.5 years	300 hours
1.5 – 7.5 years	360 hours
7.5 – 15 years	420 hours
15 – 25 years	480 hours
26 years	492 hours
27 years	504 hours
28 years	516 hours
29 years	528 hours
29 plus years	7 hours each additional year

(5) **For employees that are exempt from FLSA statutory overtime, employees shall accrue vacation leave as follows on a twice monthly basis as follows:**

Less than 1-1/2 years continuous employment ....120 hours/year
After 1-1/2 years up to 7 1/2 years .....148 hours/year
After 7-1/2 years up to 15 years ..... 188 hours/year
After 15 years up to 25 years ..... 229 hours/year

Seven (7) additional hours hence for each completed year of service in excess of twenty-five (25) years.

(6) **Vacation Carryover Allowance. For employees that are exempt from FLSA statutory overtime, the following maximum vacation accruals shall take effect. Employees reaching the maximum hours provided here shall stop accruing additional vacation hours until they are below the caps listed here. No vacation hours may be added to sick leave balances without exception.**

The maximum number of vacation hours that employees on a 40 hour workweek shall accrue are as follows:

Under 1.5 years	**200 hours**
1.5 – 7.5 years	**320 hours**
7.5 – 15 years	**360 hours**
15 – 25 years	**400 hours**
25 years	**408 hours**
26 years	**416 hours**

27 years	424 hours
28 years plus	7 hours each additional year

b. Longevity Vacation Allowance

(1) Program is eliminated as of July 1, 2011. Employees with accrued longevity allowance positive balances as of June 30, 2011 will have those balances frozen and cashed out upon separation at the employee's rate of pay on June 30, 2011.

(2) Annual longevity vacation allowance accrual credited on January 1, 2011 shall be reduced by fifty percent (50%).

c. Scheduling

(1) 48/96 Shift Schedule

The 48/96 Shift Schedule for line fire suppression employees shall continue indefinitely with the contingency that the Fire Chief shall retain the ability to discontinue, change or otherwise alter the work schedule consistent with his/her management responsibility to control and direct all Stockton Fire Department's members and divisions. The following provisions shall apply, as long as the 48/96 Shift Schedule remains in effect:

A minimum of four (4) shifts of Accrued Vacation must be scheduled per year. The four (4) shift minimum is not required to be scheduled continuously and may be split into two (2) separate vacation periods of a minimum of two (2) consecutive shifts each.

Any Accrued Vacation that is not scheduled contiguous with the required four (4) shifts will be scheduled by mutual agreement of the employee and the Fire Chief.

Sell-back. Effective July 1, 2011, employees on a forty (40) hour workweek may sell back a maximum of forty (40) hours of unused Accrued Vacation per year except during furlough or fiscal emergency periods. Employees on a 56 hour workweek may sell back a maximum of (60) hours of unused accrued vacation per year except during furlough or fiscal emergency periods.

d. **Vacation Allowance for Separated Employees**

When an employee is separated from the service between February 17, 2012 and July 1, 2014, the employee's remaining vacation allowance including Longevity Vacation Allowance, if any, shall be paid as follows:

a. Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated vacation hours.

b. On the one year anniversary of employee's separation, he/shall shall receive the second payment of one third (1/3) or $10,000, whichever is greater of the balance of his/her unused accumulated vacation hours.

c. On the second year anniversary of employee's separation he/she shall receive payment for the balance of the unpaid accumulated vacation hours.

d. Employees who are involuntarily separated shall have their unused accumulated vacation hours, if any, added to his/her final compensation.

9.2. Sick Leave

a. Accrual. All regular employees on a 40 hour a week schedule, except provisional, temporary, and part time employees, shall accrue sick leave at the rate of eight (8) hours for each full month of service. All regular employees on a 56 hour workweek schedule, except provisional, temporary, part-time employees shall accrue sick leave at a rate of twelve (12) hours for each month of service. All regular employees, except provisional, temporary, and part time employees, working less than a full month shall accrue sick leave while off duty on authorized sick leave, provided, however, an employee shall not accrue sick leave during any leave or leaves of absence without pay granted to the employee.

b. Usage. Employees are entitled to sick leave pay for those days that the employee would normally have worked, to a maximum of sick leave hours accrued by the employee.

An employee may use sick leave for preventive medical, dental, optical care, and for illness, injury, or exposure to contagious disease, which incapacitates him/her from performing his/her duties. This includes disabilities caused or contributed to by pregnancy, miscarriage, abortion, and childbirth and recovery therefrom.

c. Family Sick Leave. Employees may utilize **fifty percent (50%) of their annual accrued sick leave to attend to** ~~sick leave in the~~ case**s** of illness or injury in the employee's immediate family**.** ~~when such illness or injury requires personal care. Such sick leave shall be limited by the Fire Chief to the time reasonably required to make other arrangements for such care.~~

Such leave shall be restricted to the employee's parents, spouse, **registered** domestic partner, mother-in-law, father-in-law, child, stepchild, **legal dependent,** brother, sister, brother-in-law, sister-in-law, grandparent, and grandchild.

d. Procedures for Requesting and Approving Sick Leave. The employee shall notify the Chief's Operator, or if unavailable, the shift Telecommunications Supervisor at the Emergency Communications Division (ECD) at the earliest reasonable time, but not later than 0645 hours of the day scheduled for duty. When the requirement for sick leave is known to the employee in advance of his/her absence, the employee shall request in writing authorization for such sick leave from the Fire Chief prior to such absence.

Before an employee may be paid for the use of accrued sick leave, he/she shall complete and submit to the Fire Chief a signed statement, on a prescribed form, setting forth the dates and hours of absence, the exact reason, and such other information as is necessary for his/her request to be evaluated. If an employee does not return to work prior to the preparation of the payroll, other arrangements may be made with the approval of the Fire Chief.

e. Doctor's Certificate or Other Proof. ~~If an employee's illness results in an absence from work for more than two (2) consecutive shifts, a doctor's certificate or other reasonable proof of illness may be required by the Fire Chief.~~

The Fire Chief **or** ~~and~~ the Director of Human Resources ~~may make such sick leave usage reviews and~~ may require **a doctor's certificate or other reasonable proof of illness** ~~such physician's documentation~~ as they deem necessary to insure proper use of the sick leave benefit. **The employee shall be given notice prior to returning to work that he or she will be required to provide such documentation. Employees who have unscheduled absences due to illness on a scheduled work day preceding or following a holiday may be required to bring a doctor's certificate or other reasonable proof of illness in order to receive an excused absence and sick leave pay.**

f. Use of Sick Leave While on Vacation. An employee who is injured or who becomes ill while on vacation may be paid for sick leave in lieu of vacation provided that the employee:

(1) Was hospitalized during the period for which sick leave is claimed, or

(2) Received medical treatment or diagnosis and presents a statement indicating disabling illness or injury signed by a physician covering the period for which sick leave is claimed.

g. Accessibility and Reporting. All officers and members of the Department on leave for sickness shall be available by telephone or at their home for consultation with the Fire Chief or the Fire Chief's designee. Exceptions to this rule shall only be made with the permission of the attending physician and Fire Chief.

All officers and members of the Department on leave for sickness for extended periods of time will make weekly progress reports by telephone to the Fire Chief's office.

h. Return to Duty. Upon availability for return to duty, the employee shall notify the Chief's Operator, or, if unavailable, the shift Telecommunications Supervisor at the ECD at the earliest reasonable time, but not later than 6:00 p.m. on the day prior to his/her next scheduled duty period. Sick leave may be granted for any period of time approved by the Fire Chief.

i. Payment for Unused Sick Leave for Unit Employees ~~Hired on or before June 30, 2011~~. ~~Upon separation with ten (10) years of more of continuous service or upon termination of employment by reason of death or service or disability retirement, the employee or the employee's estate will be paid fifty percent (50%) of the total sick leave balance as of June 30, 2011 at its current value as of June 30, 2011. Any sick leave accrued on or after July 1, 2011 shall have no cash value. This provision shall also apply for service or disability retirement. Sick leave accrued after July 1, 2011 shall be deposited into a new sick leave bank. All sick leave hours are available for use.~~

Effective February 17, 2012, all sick leave shall have no cash value upon separation of employment and employees shall not be allowed to cash out unused sick leave. Employees shall be eligible for CalPERS service credit for unused sick leave at retirement based on the PERS contract provisions in effect at the time of their hire.

j. ~~Unused Sick Leave for Employees Hired on or After July 1, 2011~~

~~1) Employees hired on or after July 1, 2011 are not eligible for any cash out of unused sick leave and their sick leave shall not have any cash value.~~

~~2) Employees hired on or after July 1, 2011 shall be eligible for CalPERS service credit for unused sick leave at retirement based on the CalPERS contract provision in effect at the time of their hire. The parties have agreed to the implementation of a new retirement tier and employees hired after the implementation of that new tier will not be eligible for unused sick leave service credit.~~

9.3. Other Leaves with Pay

a. Bereavement Leave. In the event of a death in the immediate family of an employee, the employee shall, upon his/her request, be granted up to three (3) days bereavement leave with pay and without charge to his/her accumulated sick leave credits or vacation eligibility. The City Manager may grant an additional two (2) days bereavement leave upon request, which shall be charged against the employee's accumulated sick leave credits in cases where extensive travel is required to attend the funeral. For the purposes of this paragraph, "immediate family" shall be restricted to the employee's parents, spouse, **registered domestic partner**, mother-in-law, father-in-law, child, stepchild, brother, sister, brother-in-law, sister-in-law, grandparent, and grandchild.

In the event of the death of a person not immediately related to an employee, as defined above, the employee's department head may grant up to three (3) days leave upon request, which shall be charged against the employee's accumulated sick leave credits.

b. Court Appearance. Upon approval by the Fire Chief, an employee, other than a provisional or temporary employee, shall be permitted authorized absence from duty for appearance in court for jury service, in obedience to a subpoena, or by direction of proper authority in accordance with the following provisions:

Such absences from duty will be **compensated for actual hours** ~~with full pay for each day~~ the employee serves on the jury or testifies as a witness in a criminal case, other than as a defendant, including necessary travel time. As a condition of receiving full pay, the employee must remit to the City, within fifteen (15) days after receipt, all fees received, except those specifically allowed for mileage and expenses. The employee shall remit such fees to the City through the employee's department head.

On-duty employees shall return to work immediately upon release from court.

Absences from duty will be without pay when the employee appears in private litigation to which the City is not a party.

Notwithstanding the foregoing, attendance in court or at a deposition in connection with an employee's official duties for a case in which the City is a party, together with travel time and necessarily involved, shall not be considered an absence from duty within the meaning of this section.

c. Maternity Leave. Time off the job for pregnancy, childbirth, and related medical conditions will be covered as required by State and federal law and applicable City policy. Employees may use sick leave, leave without pay, annual leave, or a combination of these benefits, depending on the nature of the case and the time medically required to recuperate. Generally, a six (6) week recovery period after delivery is medically indicated.

d. Military Leave. An employee of the City who is a member of the National Guard or Naval Militia or a member of the Reserve Corps or Force of the Federal Military, Naval, or Marine Service and is ordered to duty shall be granted leave with pay while engaged therein, provided the leave does not exceed thirty (30) calendar days in any calendar year.

All regular employees in the service of the City who have been inducted into the Army, Navy, Marine Corps, Air Force, or any other branch of the Military Service of the United States or the State of California shall be allowed leave of absence without pay for the duration of a national emergency. Except as hereafter stated, said employees shall be reinstated into City service, provided they are physically fit as shown by a medical examination by the City Physician or other physician appointed to make a medical examination.

Two (2) or more regular employees granted military leave of absence without pay from the same position shall be re-employed according to their seniority of employment, provided they are physically fit, as above specified.

9.4. Workers' Compensation Leave

Whenever an employee is disabled, whether temporarily or permanently, by injury or illness arising out of and in the course of his/her duties, he/she shall become entitled, regardless of his/her period of service with the City, to leave of absence, while so disabled, without loss of salary, in lieu of temporary disability payment, if any, which would be payable for the period of such disability but not exceeding one (1) year or until such earlier date as he/she is retired on permanent disability pension.

If injury is claimed to be job-related or a recurrence of a previous job-related sickness or injury, it must be verified with a written physician's statement. Otherwise, disability leave will not be allowed. Any absence not so approved will be charged to sick leave if verification is not received within three (3) days of the initial absence. The company officer should originate a "Supervisor's Report of Accident" form (Form 78).

a. Notification to Department. The employee should notify the Chief's Operator or, if unavailable, the shift Telecommunications Supervisor at the ECD at the earliest reasonable time, but not later than 0645 hours of the day scheduled for duty.

b. Accessibility and Reporting. All officers and members of the Department on leave for injury (job-related or non job-related) shall be available at their homes or by telephone for consultation with the Fire Chief or the Fire Chief's designee(s). Exceptions to this rule shall only be made with the permission of the attending physician and the Fire Chief.

All officers and members of the Department on leave for injury (job-related or non job-related) for extended periods of time will make weekly progress reports by telephone to the Fire Chief's office.

c. Return to Duty. Upon availability for return to duty, employees shall notify the Chief's Operator, or if unavailable, the shift Telecommunications Supervisor at the ECD at the earliest reasonable time, but not later than 6:00 p.m. on the day prior to his/her next scheduled duty period.

d. Forms and Procedures. Workers' compensation processing shall be consistent with City procedures and in accordance with state workers' compensation regulations. An employee who sustains a work-related injury or illness shall immediately inform his/her supervisor no matter how minor an on-the-job injury may appear. An employee who sustains a work-related injury or illness is required to seek medical care at facilities designated by the City unless they have filed a pre-designation of personal physician prior to sustaining the work-related injury or illness. For a list of City designated medical care facilities and/or physicians, please contact Human Resources.

9.5. Leave of Absence

Employees shall not be entitled to leaves of absence as a matter of right, but only in accordance with the provisions of law and the Stockton Municipal Code. Unless otherwise provided, the granting of a leave of absence also grants to the employee the right to return to a position in the same classification or equivalent classification

as the employee held at the time the leave was granted. The granting of any leave of absence shall be based on the presumption that the employee intends to return to work upon the expiration of the leave.

All approval authority over leaves of absence exercised by the Fire Chief under this section shall be subject to review by the City Manager, whose ruling shall be final.

Employees on authorized leaves of absence without pay shall not be entitled to payment by the City of the premiums for their health and dental insurance, except as provided hereafter.

The entitlement to City-paid premiums shall end on the last day of the month in which the employee was paid except that employees on an authorized leave of absence may continue enrollment in the City health and dental insurance plans by prepayment of the monthly premium during the authorized leave of absence.

Authorized absence without pay that exceeds thirty (30) consecutive calendar days, except military leave, shall not be included in determining salary adjustment rights, based on length of employment. Periods of time during which an employee is required to be absent from his/her position by reason of an injury or disease for which he/she is entitled to and currently receiving Workers' Compensation benefits shall be included in computing length of service for the purpose of determining that employee's salary adjustments.

9.6. Leave of Absence without Pay

a. Purpose and Length. Only employees occupying regular positions on a permanent basis are eligible for leaves of absence without pay under the provisions of the section.

An appointing authority may grant leaves of absence without pay for personal reasons up to a maximum of twelve (12) months with the approval of the Director of Human Resources.

Leaves of absence without pay on account of illness or injury, which are not job related, may be granted for a maximum period of twelve (12) months with the approval of the Director of Human Resources. This includes disabilities caused or contributed to by pregnancy, miscarriage, abortion, and childbirth and recovery therefrom.

Such a leave will be granted only after all accrued sick leave credits have been used and shall be substantiated by a physician's statement.

b. Application For and Approval of Leaves of Absence Without Pay. In order to receive leave without pay, an employee must submit a request on the prescribed form to the Fire Chief and the City Manager. The request shall set forth the reasons for the request and all other information required for the Fire Chief of the Fire Chief's representative to evaluate the request. Leaves without pay may be canceled by the Fire Department at any time.

9.7. Absence Without Official Leave (AWOL)

a. Denial of Leave Request or Failure to Return After Leave. Failure to report for duty or failure to report for duty after a leave of absence request has been disapproved, revoked, or canceled by the Department or City Manager or at the expiration of a leave shall be considered an absence without leave.

b. Voluntary Resignation. Any employee in this bargaining unit absent without leave for two (2) or more shifts in any calendar month without a satisfactory explanation shall be deemed to have voluntarily resigned from employment with the City.

SECTION 10. DAYS AND HOURS OF WORK

10.1. Workweek

Except in cases of conflagration, flood, or similar emergency, the basic workweek of any member of this unit shall not be more than fifty-six (56) hours per week, averaged over a twelve (12) week period. All working shifts will commence at 8:00 a.m., with the exception of the employees assigned to work in the Fire Department's Administration Offices, Fire Prevention Bureau employees, and Division of Training employees, whose hours shall be determined by the Fire Chief.

10.2. Shift Trades

Employees in this unit will be allowed to trade shifts. Shift trade privileges shall be determined and administered by the Fire Chief.

10.3. Staffing

The City has management rights to determine staffing and the City will comply with applicable CalOSHA laws.

SECTION 11. OVERTIME

11.1. Overtime Authorization

All compensable overtime must be authorized by the department head or his/her designated representative in advance of being worked. If prior authorization is not feasible because of emergency conditions, a confirming authorization must be made on the next regular working day following the date on which the overtime was worked. ~~Overtime authorization is not required in advance for paramedic continuing education.~~

11.2. Definition

Those employees whose normal work period is not more than 56 hours per week averaged over a twelve (12) week period shall be paid at the rate of time and one-half for **actual** hours worked in excess of **182 hours in a twenty four (24)** ~~216 hours in a twenty-seven (27)~~ day work period. "Hours worked," as used in this paragraph, shall include ~~all paid time as well as~~ all **actual** time worked.

11.3. Compensatory Time

a. Definition. As used in this section, the term Compensatory Time refers to that time which an employee is entitled to be absent from duty with pay for hours worked in addition to or in excess of their normal work schedule.

b. Use. Such compensatory time must be taken during the same **twenty-four (24)** ~~twenty seven (27)~~ day work period in which it is earned and will be credited on an hour off for hour worked basis. The accrual of compensatory time and the date upon which such time will be taken must be authorized by the Fire Chief or the Fire Chief's designated representative prior to both the performance of the hours worked and the compensatory absence from duty. In the event the employee determines that he/she is unable to take accrued compensatory time during the same **twenty-four (24)** ~~twenty seven (27)~~ day work period in which it is earned, pay for such time shall be provided at straight time or time and one half (1-1/2) depending upon the number of hours worked by the employee during the work period.

c. Department Policy. Compensatory time for sworn 40-hour personnel shall be provided in accordance with the Department's Policy and Procedures, Article J, Section 3B.

11.4. Fair Labor Standards Act

The City and the Union shall cooperate with each other to promptly resolve any issue that may arise during the term of this Memorandum of Understanding regarding compliance with the Fair Labor Standards Act. Any dispute which involves the interpretation or application of the Fair Labor Standards Act may be referred to the City Manager by the complaining party or by the Director of Human Resources. Such referral shall be in writing, detailing the specific issue(s) involved in the referral together with a statement of the resolution desired. The City Manager shall designate a personal representative who shall not be the Director of Human Resources to investigate the merits of the dispute, meet with the complaining party, and attempt to settle the dispute. The availability of this procedure shall not be deemed to limit or foreclose the rights of an employee to seek relief in such other forums as the law provides.

~~The interpretation and application of the Fair Labor Standards Act with regard to the following provisions: Work Out of Classification, Training Time, and Calculation of Overtime Pay for Fire Suppression Personnel shall be administered in accordance with the Letter of Understanding dated May 5, 1986, between the City and the Union's bargaining representatives and the memorandum from the Fire Department to the Human Resources Department, dated January 12, 1998. In accordance with the Letter of Understanding and the referenced memorandum, the following provisions shall be binding upon the City and Union and, unless otherwise agreed to by the parties, shall remain in effect for the term of this Memorandum of Understanding.~~

a. ~~Work Out of Classification. Employees assigned to work overtime in a position or classification other than the position or classification, to which they are permanently appointed, will be paid overtime at the hourly rate attached to the position or classification in which they are performing such overtime work. Individual premium pay to which an employee is regularly entitled shall be included when computing overtime for work performed in a position or classification to which the employee does not hold a permanent appointment.~~

a.~~b~~Training Time. The time spent by an employee for job-related training in which participation is required **by the City** as a condition of **continued** employment shall be considered as hours worked. Said training time shall be viewed as hours worked in lieu of the employee's normally scheduled shifts for that period. Employees shall participate in such training programs during their normally scheduled hours of work when provided by the City during those hours, unless there is a particular hardship or schedule conflict which precludes the employee's attendance, in which event approval to obtain such training during

off-duty hours must be requested and obtained in advance from the Fire Chief or the Fire Chief's designated representative.

~~For example, a Battalion Chief assigned to suppression duties who would normally work Tuesday and Friday (48 hours), but is sent to Asilomar for the period from Monday through Friday will be credited as though he/she has worked his/her normal shifts.~~

c. ~~Calculation of Overtime Pay for Fire Suppression Personnel. For purposes of computing overtime for Fire Services Management Unit employees pursuant to the Fair Labor Standards Act, the City will comply with Section 778.109 of the Department of Labor regulations concerning the calculation of the regular rate. Section 778.109 of the Department of Labor regulations provides that the regular hourly rate of pay of an employee is determined by dividing his/her total remuneration for employment in the applicable work period by the total number of hours actually worked by the employee in that work period for which such compensation was paid. The following sample calculations use the example of a Fire Captain. However, the same method of calculating overtime would apply in the case of a Battalion Chief assigned to suppression duties:~~

~~For illustrative purposes only assume:~~

~~\$2,795 = set salary for the 27-day work period for a Captain~~
~~216 = number of "regular hours" worked within the 27-day period~~

~~Regular rate is computed as follows:~~

~~\$2,795/216 = \$12.94~~

~~If hours worked = 204 through 216, the overtime rate = ½ x \$12.94 = \$6.47~~

~~If hours worked are greater than 216, the overtime rate = 1 ½ x \$12.94 = \$19.41~~

~~If a particular Captain working suppression worked one 24-hour shift of overtime as a Captain within the 27-day work period, overtime would be computed as follows:~~

~~Hours worked in excess of 216 = 24~~
~~Regular rate is \$12.94 x 1.5 = \$19.41~~
~~\$19.41 x 24 = \$465.84 overtime~~

~~If a particular Captain working prevention worked one 24-hour shift as a Firefighter at overtime in suppression within the seven (7)-day work period, overtime would be computed as follows:~~

~~Hours worked in excess of 40 = 24~~
~~Regular Firefighter rate x 1.5 = overtime rate~~
~~Overtime rate x 24 = overtime~~

~~The Union and City, through their designated representatives, have attempted in good faith to insure that the policies and practices of the City regarding overtime pay for the members of the Fire Services Management Unit are in conformance with the requirements of the Fair Labor Standards Act, when applicable. Nothing shall prohibit the Union and City from meeting and conferring over provisions of the Fair Labor Standards Act by mutual agreement. In the event it is determined by a court of competent jurisdiction that any policy or practice of the City or authorized by this Memorandum of Understanding is inconsistent with the Fair Labor Standards Act, the designated representatives of the Union and City shall immediately meet and confer and amend such policy or practice to conform with the requirements of the Fair Labor Standards Act.~~

SECTION 12. HOLIDAYS

a. **Employees shall receive the following holidays on full pay not to exceed eight (8) hours for any one (1) holiday, unless otherwise provided in this section.** The City observes the following holidays on the dates indicated:

(1)	New Years Day	(January 1)
(2)	Martin Luther King's Birthday	(Third Monday in January)
(3)	Lincoln's Birthday	(Second Monday in February)
(4)	Washington's Birthday	(Third Monday in February)
(5)	Cesar Chavez Day	(March 31)
(6)	Memorial Day	(Last Monday in May)
(7)	Independence Day	(July 4)
(8)	Labor Day	(First Monday in September)
(9)	Columbus Day	(Second Monday in October)
(10)	Veterans' Day	(November 11)
(11)	Thanksgiving	(Fourth Thursday in November)
(12)	The day following Thanksgiving	(Fourth Friday in November)
(13)	Christmas Day	(December 25)
~~(14)~~	~~Employee's Birthday~~	

Effective August 1, 2011, a new salary range for forty (40) hour administrative positions in this unit will be established that will be five and three-quarters percent (5.75%) lower than the salary range for fifty-six (56) hour employees as reflected in the City's Salary Schedule as of March 31, 2011.

~~Effective August 1, 2011, the differential for Administrative Captain and Other Administrative Positions in section 13.14 and 13.15 will be increased by the 6.34%.~~

Except for employees in administrative assignments who observe holidays, employees in this bargaining unit receive the dollar value of the holidays listed above (as noted in their salary ranges) in lieu of observing holidays. Effective July 1, 2012 the salary ranges for employees, excluding those in administrative assignments, shall have their salary ranges reduced by the value of the one holiday.

b. Effective July 1, 2012 the total differential for Administrative Captain and Other Administrative Positions performing Administration duties, including but not limited to the 6.34% Holiday Pay as specified in Section 12, shall be capped to a maximum of ten percent (10%) for all Administrative related differentials.

SECTION 13. COMPENSATION AND ALLOWANCES OTHER THAN BASE SALARY

13.1. Public Employee Retirement System Benefits for Unit Employees hired on or before June 30, 2011

The City participates in the California Public Employees' Retirement System (PERS) and shall provide the Union's members hired on or before June 30, 2011 with the following retirement benefits in accordance with state law and the agreement between the City and PERS.

a. Retirement Contribution Supplement. The City Employees in this unit shall contribute an amount equal to nine percent (9.0%) of the employee's current base salary and other compensation as qualified by State law toward PERS benefits. Such amounts will be applied to the employee's individual account in accordance with Government Code section 20691.

b. Military Service Credit. The City will make application to PERS to provide for military service pursuant to the provisions of Government Code section 21024 (formerly 20930.3), at the employee's expense, effective upon adoption by the Stockton City Council and PERS Administration Board.

c. Employee Contributions. In accordance with Government Code section 20692 (formerly 20615.5, Employer Paid Member Contributions as Compensation), employees, at the beginning of their last year of employment, will pay the additional employee contribution over the amount paid in 13.1.a above, up to the 9% employee share, if any, through an automatic payroll deduction. The base salary for those employees will be increased by that same additional contribution, here, if any, for the last twelve (12) months of employment (IRS Code § 414H(2) will be concurrently implemented with the PERS amendment).

d. Effective August 1, 2011, employees hired on or before June 30, 2011 shall pay nine percent (9%) of the employee's current base salary (employee contribution) and other compensation as qualified by state law towards the Public Employees' Retirement System (P.E.R.S.) towards employer's share of cost for P.E.R.S. pension on a post-tax basis in the form of a payroll deduction. The City will seek an IRS private letter ruling to determine whether or not the IRS permits the employee's contribution to the employer's share of pension cost to be treated on a pre-tax basis. If the IRS issues a private letter ruling allowing employee's contribution toward employer pension cost on a pre-tax basis, the City will change the deduction from post-tax to pre-tax as soon as administratively possible after the IRS final determination.

e. Three Percent At Age 50 Retirement Benefits. As soon as possible following the City and Union's execution of this Memorandum of Understanding, the City shall make application with PERS to provide Government Code section 21362.2 (3.0% at age 50) benefits, with the benefit to be effective for Union's members on December 16, 2001, or following the approval and adoption by the Stockton City Council and PERS Board of Administration, if after December 16, 2001.

f. Additional PERS Benefits. The following PERS benefits shall remain in effect during the term of this Memorandum of Understanding: Sick Leave Conversion (Government Code section 20965), Survivor Benefit Level 4 (Government Code section 21574), Post-Retirement Survivor Allowance to Continue After Remarriage (Government Code section 21635), and Continuation of Death Benefits After Remarriage (Government Code section 21551).

g. The Union shall have such other PERS benefits as set forth in the agreement between the City and PERS as of the date of execution of this Memorandum of Understanding.

13.2. Public Employee Retirement System Benefits for Unit Employees Hired on or after July 1, 2011

The City will contract with PERS to provide a new second tier retirement program of 3% at 55 with three year average salary formula and no other additional PERS enhanced benefits except for those statutorily required for employees hired on or after July 1, 2011 or as soon as administratively possible. Effective July 1, 2011, all employees shall pay 9% of the employees' current base salary towards the employee's contribution towards PERS and any other compensation as qualified by state law towards PERS retirement benefits through a payroll deduction.

13.3. Uniform Allowance

Employees in this unit shall receive a uniform allowance in the amount of six hundred twenty-five dollars ($625.00). One-half (1/2) of the annual value of uniform allowance shall be paid to eligible employees during the months of April and October.

13.4. Certificate Incentive Pay

The City will pay employees in this unit who attain a Stockton Fire Department Intermediate Certificate, three percent (3%) of the top step of the employee's rank.

The City will pay employees in this union who attain a Stockton Fire Department Advanced Certificate, ~~six~~ **five** percent (6**5**%) of the top step of the employee's rank.

Employees in this unit shall be required to follow the Department's continuing education policy in order to remain eligible for this benefit.

13.5. Emergency Medical Technician Certification

Employees in this unit shall be responsible for maintaining EMT certification.

It is the policy of the Stockton fire Department that all sworn employees assigned to line fire suppression activities and working in the rank of Battalion Chief and below shall maintain a current San Joaquin County Emergency Medical Technician ("EMT") certification or face disciplinary procedures detailed below.

Each member shall secure EMT certification within one year of commencement of employment and maintain that certification throughout his/her career while assigned to line fire suppression activities. In the event a new member does not have EMT certification upon employment, the member shall be provided Emergency Aid Responder ("EAR") training and certification by the Department's Division of Training prior to being placed on line.

All periodic re-certifications of EMT certification shall be prepared for and executed during on-duty training sessions conducted by the Division of Training. If a member fails to re-certify after one attempt, the Division of Training shall provide additional resources to assist the member to prepare for a second attempt at re-certification in accordance with State regulations. The Division of Training's resources will include the following: study guides, textbooks, remedial lectures on deficiencies, and a list of local courses offered by other agencies. If the member fails the second attempt of the member's EMT certification expires, the member must obtain EAR certification, which shall comply with State law. The non-EMT member will be provided EAR training and certification by the Division of Training prior to assignment to line fire suppression activities.

Members whose certification lapses shall have 18 months to complete an EMT re-certification process. During this time frame, the member shall not trade shifts or work overtime without permission of the Fire Chief. The member shall be reduced one pay grade until EMT re-certification is achieved.

A member may attempt re-certification at any time and from any jurisdiction within the State of California. If the member fails to either (1) regain EMT certification within the eighteen month "correction period" or (2) fails to obtain EAR certification within 30 days of loss of EMT certification, the City may take appropriate disciplinary

action pursuant to Rule XII of the Stockton Civil Service Rules and Regulations for Police and Fire Employees, up to and including termination.

This Letter of Understanding sets forth the entire integrated agreement between City and Local 456 and supersedes all prior negotiations, representations, understandings, and agreements between the parties, either written or oral, regarding the subject matter addressed herein.

Any disputes that result from this agreement shall be handled in accordance with the current Memorandum of Understanding (Fire Unit) grievance procedures.

[MODIFICATIONS FROM 2002 LETTER OF UNDERSTANDING ON PARAMEDIC PAY AND EMT CERTIFCATION.]

13.6. Physical Examination

a. Each employee in this unite may schedule a physical examination annually. Consistent with City policies applicable to other bargaining units, the cost of the physical examination, not to exceed One Hundred Fifty Dollars ($150.00) and to the extent not covered by the City's medical plan will be paid by the City on a reimbursement basis, except as provided in "b" below.

b. Effective July 1, 2006, the City-paid physical reimbursement benefit of One Hundred Fifty Dollars ($150.00), as referenced in section 13.7 a., shall apply, in its entirety, toward the cost of the employee annual physical examination administered by the Wellness-Fitness Physician in connection with the joint management-labor mandatory Wellness-Fitness Program set forth in Appendix D. If the Wellness-Fitness Program is terminated, the reimbursement benefit shall be paid as set forth in section 13.7 a. above.

13.7. Mileage Reimbursement for Private Vehicle Use

For authorized use of a private vehicle, employees in this unit will be reimbursed for actual mileage at the current rate established for other employees.

13.8. Longevity Pay

a. Effective August 1, 2011, Longevity Pay shall be eliminated. However, the City shall grandfather only those employees who on July 31, 2011 were receiving a pay of five percent (5%) of top step pay in rank to members of this unit who have fifteen (15) years of continuous service as sworn employees with the City's Fire Department, but the five percent (5%) pay shall be reduced to two and one-half (2.5%) effective August 1, 2011.

b. The City shall increase the salary step of Battalion Chiefs who attain twenty-two (22) years of continuous employment by three and one-quarter percent (3.25%) only for those employees as of July 31, 2011 who have attained twenty-two (22) years of continuous employment and therefore shall be grandfathered.

c. **Effective July 1, 2012, the grandfathered longevity rate for members who were receiving the fifteen year benefit pay of two and one-half percent (2.5%) shall be reduced to one and a quarter percent (1.25%). The rate for members that were receiving the twenty-two (22) year rate of three and a quarter percent (3.25%) shall receive one point six three percent (1.63%).**

d. **Effective June 30, 2013, Longevity Pay Section 13.8(a) through (c) are eliminated and become inoperable and are eliminated for all grandfathered employees receiving longevity per this section.**

13.9. Contagious Disease

The City shall make available, at no cost to the employee, screenings for all strains of hepatitis, hepatitis B vaccinations, and shall monitor employees' exposure to tuberculosis.

13.10. Specialty Assignment Pay

Battalion Chiefs assigned to a forty (40)-hour workweek will receive additional compensation of seven and one-half percent (7.5%) above their regular rates of pay (regular rates of pay include FLSA pay). The duration of any such assignment shall be at the sole discretion of the Fire Chief.

13.11. Acting Pay

An employee who is assigned in writing to work in a higher paid classification and who performs a majority of the duties of that higher position shall receive the rate of pay in a step of the higher classification which would have been received if the employee had been promoted into that classification.

13.12. Call-Back Pay

An employee called back to work to assist with a multiple alarm fire or other emergency situation after he/ she has worked a scheduled shift and has departed from the work site shall earn ~~four (4)~~ **three (3)** hours of call-back at the regular hourly rate of pay or time and one-half (1-1/2) of his/her regular rate of pay for time worked, whichever is greater.

The above provision shall not apply to employees called back due to an operator error that does not result in the employee being assigned for the day or an employee's participation in official meetings called by authorized personnel of the Stockton Fire Department. In such instances, the employee will be compensated on an hourly basis, which shall include the employee's travel time.

13.13 Total Differentials for Administrative Positions

Effective July 1, 2012 the total differential for Administrative Positions performing Administration duties shall be capped to a maximum of ten percent (10%) for all Administrative related differentials.

~~**13.13. Paramedic Certificate Pay**~~

a. ~~The City shall compensate Battalion Chiefs who are San Joaquin County licensed and accredited Paramedics three percent (3%) of top salary step of rank.~~

b. ~~Continuing Education for Paramedics. The City shall compensate Battalion Chiefs at straight time rate for time spent in continuing education necessary to maintain their certification, up to a maximum of forty-four (44) hours per calendar year.~~

c. ~~Administrative Captains that maintain a paramedic license, and are able to work on the line as a paramedic shall receive paramedic incentive pay. This benefit shall be retroactive to January 1, 2001.~~

d. ~~Administrative Firefighters and Administrative Engineers that maintain a paramedic license and are able to work on the line as a paramedic, shall receive paramedic incentive pay. The Stockton Fire Department ("Department") does not currently utilize Administrative Firefighters or Administrative Engineers.~~

[MODIFICATIONS FROM 2002 LETTER OF UNDERSTANDING ON PARAMEDIC PAY AND EMT CERTIFICATION]

SECTION 14. INSURANCE PLANS

14.1. Health Insurance and Welfare Related Benefits

a. Choice of Health Plans. Employees in this bargaining unit shall have a choice of enrolling themselves and their eligible dependents in any of the City sponsored medical, dental and vision plans. Each plan shall offer an Employee only, Employee plus One and Employee plus two or more dependents coverage health plans. The City shall offer two or more medical plans to regular employees.

b. Eligibility. Employees shall become eligible for Medical insurance on the first day of the month subsequent to completion of thirty (30) days of continuous service with the City. Employees shall become eligible for Dental insurance on the first day of the month subsequent to completion of sixty (60) days continuous service with the City. **An eligible employee and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/registered domestic partner or another eligible City employee, but not both. If an employee is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee plan (i.e., an employee and his or her dependent cannot be covered by more than one City-offered health plan).**

c. City Contribution Towards the Cost of Insurance Programs. Effective September 1, 2011:

(1) The City shall contribute up to $481.00 per month toward the cost of the monthly premium for employee-only medical/dental/vision plan coverage.

(2) The City shall contribute up to $875.00 per month toward the cost of the monthly premium for employee plus one dependent medical/dental/vision plan coverage.

(3) The City shall contribute up to $1165.00 per month toward the cost of the monthly premium for employee plus two or more dependents medical/dental/vision plan coverage

These contributions are based on full-time employment; regular part-time employees shall receive a prorated contribution based on their percentage of full-time employment. Insurance plan premiums that exceed the City's monthly contribution shall be paid by the employee through payroll

deductions. The City shall maintain its IRS 125 Plan to allow for employee contributions for medical/vision/dental to be pre-tax premium conversion.

d. Plan Rules. Employees may insure themselves and their eligible dependents under the medical/vision and dental plans provided by the City, in accordance with the rules and regulations applicable to the selected Plan. Benefits in the Plan shall be in accordance with the Plan document.

e. Parties agree to plan design changes to the City's Modified Plan, effective September 1, 2011.

14.2. Long Term Disability Insurance

~~The City rolled its contribution of long term disability (LTD) insurance into base pay and no longer provides a LTD program. Employees can purchase LTD insurance through the Union.~~ **Effective July 1, 2012, the City shall reduce the base pay of employees in this unit by seventeen dollars ($17.00) per month, and instead shall provide to each bargaining unit member seventeen dollars ($17.00) per month for the purpose of purchasing Long Term Disability Insurance. The Union recognizes and agrees that it is their responsibility for purchasing such insurance for its represented employees or otherwise investing such payments pursuant to this section as it deems appropriate.**

14.3. Retirement Medical Allowance

~~The City shall pay a premium for the purpose of providing hospital, medical, and prescription benefits for each City employee who has retired. Such coverage shall include one (1) dependent and the following provisions shall apply:~~

a. ~~Normal Service Retirement. Eligibility for the allowance provided by this section is limited to employees who have retired subsequent to October 1, 1980, or were hired on or before June 30, 2011, and who retire at age fifty (50) or later. Such allowance shall terminate at age sixty five (65).~~

b. ~~Disability Retirement. Eligibility for the allowance provided by this section is limited to employees who have retired subsequent to October 1, 1980, or were hired on or before June 30, 2011, and such allowance shall be limited to a maximum of fifteen (15) years or the attainment of age sixty five (65), whichever occurs first.~~

c. ~~Major Medical Deductible. The major medical deductible is One Hundred Dollars ($100) per person per calendar year for retirees who retire prior to January 1, 1993.~~

d. ~~Prescription Coverage. Prescription coverage will be provided for retirees and one (1) dependent for those hired on or before June 30, 2011.~~

e. ~~Medical Plan. The medical plan for employees retiring on or after February 1, 1993, or were hired on or before June 30, 2011, shall be the City's modified medical benefits plan which includes medical design changes to the City's Modified Plan as of September 1, 2011.~~

~~Employees who retire on or after January 1, 1997 and hired on or before June 30, 2011, and are eligible for the retirement medical allowance shall, upon reaching age sixty-five (65), continue to be covered under the City's medical plan. However, such coverage shall be provided as a supplement to Medicare or any other medical plan available to the retiree. Such coverage shall also be provided upon the same terms to the spouse of a qualifying retiree.~~

a. **Eligibility. An eligible retiree and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/registered domestic partner or another eligible City employee/retiree, but not both. If an employee/retiree is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee or retiree's plan (i.e., a retiree and his or her dependent cannot be covered by more than one City-offered health plan). The City does not provide any retiree medical program, allowance, or City contribution for employees hired on or after July 1, 2011.**

b. **City Contribution for the Period of July 1, 2012 – June 30, 2013.**

Effective July 1, 2012, for employees hired on or before June 30, 2011, at retirement only, the City shall provide to employees retiring from the City the following contribution towards the costs of retiree medical insurance for the period of July 1, 2012 – June 30, 2013.

1. **Employees retiring with over 10 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $150 a month towards the cost of retiree medical insurance.**

2. **Employees retiring with over 20 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $300 a month towards the cost of retiree medical insurance.**

3. **Employees retiring with over 30 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $450 a month towards the cost of retiree medical insurance**

4. Employees with less than 10 years of service for the City shall not be eligibility for a city contribution towards retiree medical and may not be enrolled in the City sponsored plans.

5. Benefits for part time employees who retire are prorated based on their full time equivalent.

6. The City contributions shall end with the death of the retiree and no survivor benefits are provided.

7. Retirees who are enrolled in city-sponsored plans may enroll their eligible dependents at their own expense.

c. Elimination of Retiree Medical Program effective June 30, 2013

Effective June 30, 2013, the City shall no longer provide a contribution towards the cost of retiree medical insurance for current employees (future retirees) and current retiree. Retirees shall not be eligible to participate in the City's medical plans.

14.4. Alternative Retirement Medical Plans

The parties have negotiated that employees may choose to enroll in one or more additional health plans instead of the City Modified Plan (including but not limited to Kaiser Sr. Advantage).

This language sets forth the conditions in which current employees, when they retire from the City and otherwise qualify for a retiree medical benefit from the City as stated in Sections 14.3 and 14.5 of this MOU, may also choose to enroll in City sponsored alternative plans in the same manner as when they were employees, as well as retiree only medical plans. The following conditions shall apply:

a. If an employee is in a City sponsored alternative plan at the time of retirement, the employee shall be allowed to continue in that Plan. Employees in the union sponsored plans authorized by the City such as Kaiser at the time of retirement shall be allowed to continue in that Plan. Employees not in an alternative Plan at the time of retirement shall not be allowed to enroll in any alternative plan except that; any retiree may voluntarily enroll in a City sponsored retiree only Plan.

A retiree may only enroll in alternative plans other than the City Modified Plan when:

a. The retiree selecting plans other than the City's Modified Plan must agree that the City's financial contribution to a premium payment for any other Plan shall not exceed the current contribution amount the City would pay if the retiree is enrolled in the City Modified Plan, and;

b. The individual retirees will be required to sign a form that indicates their agreement with these conditions.

The City reserves the right to eliminate these additional plans and the choice of multiple plans is not a vested right. Like the City Modified Plan, the City reserves the right to make plan design changes as necessary in these Alternative Plans.

14.4.5. Medicare Supplemental Coverage Requirements only for Employees hired on or before June 30, 2011

~~Upon reaching age sixty-five (65), retired employees are required by the City to apply for Medicare Part A and Part B coverage and to accept Medicare coverage if eligible. Those who must pay a premium to Medicare in order to obtain Part A coverage will be reimbursed by the City for their Medicare Part A premium. The City's medical coverage shall continue on a coordinated basis with the City as a secondary payer after Medicare pays as the primary provider. There may be occasions when paying the premium cost for Medicare Part A may not be in the City's best interest or the retiree may not be eligible. If such circumstances exist, the City's supplemental medical plan would then be the primary coverage plan. The City reserves the right to terminate reimbursement payments for Part A Medicare coverage, in which event the retiree will receive the City's modified medical plan which includes medical plan design changes effective September 1, 2011 as the primary health coverage, with the premiums for such coverage to be paid by the City. The coverage provided pursuant to this section shall apply to the retiree and his/her spouse.~~

The City reserves the right to terminate reimbursement payments for Part A Medicare coverage, in which event the retiree will receive the City's modified medical plan which includes medical design changes effective September 1, 2011 as the primary health coverage, with the premiums for such coverage to be paid by the City. The coverage provided pursuant to this section shall apply to the retiree and his/her spouse.

Under the federal Health Care Reform Plan, sponsors may modify the medical benefits provided to retirees only. The City will modify its retiree health care plan to reflect the following:

(a) Return Plan benefits for Acupuncture to 12 visits per year (instead of unlimited) and returns the payment percentage paid to 60% (instead of 80%);

(b) Return Plan benefits for Alcohol and Drug Treatment admissions to 30 days and 3 lifetime admissions (instead of unlimited);

(c) Return Plan benefits for Outpatient Mental Health or Nervous Disorder services to 15 visit maximum (instead of unlimited);

(d) Change Plan benefits for Preventative care and wellness to 80% instead of current 100%;

(e) Return Plan benefits on the lifetime cap on plan benefits to $2.5 million (instead of unlimited);

(f) Return Plan benefits on the maximum age of dependent children to be enrolled in the Plan to age 19 unmarried, and not serving in the armed forces to 23 if attending school full time and qualifies as a dependent for federal income tax purposes.(instead of age 26);

(g) Change Plan benefits for Emergency room benefits.

~~14.5.No Retirement Medical Allowance~~

~~The City does not provide any retiree medical program, allowance, or City contribution for employees hired on or after July 1, 2011. As soon as administratively possible the parties agree to establish an HRA for employees to use for current and future medical expenses and that the City will contribute an amount equal to one percent (1%) of the employee's current base salary that was previously contributed towards deferred compensation and now shall be directed into an HRA. The City will hold the 1% contribution effective July 1, 2011 in the payroll fund and will confer those contributions to the HRA accounts when established.~~

14.6 Life Insurance

Effective July 1, 2012, the City shall provide each employee group term life insurance coverage with a face value of fifty thousand dollars ($50,000.00).

14.6.~~7.~~Survivors' Medical Benefit

The City **in accordance with State law and its provisions** shall provide medical, dental, prescription and vision benefits to the surviving spouse and children of Battalion Chiefs killed in the line of duty. These benefits shall discontinue upon marriage of the Battalion Chief's surviving spouse. The medical coverage shall be secondary at age sixty-five (65).

SECTION 15. SALARY PLAN

15.1. Salary Ranges

The salary ranges for all employees in this unit shall be as set forth in the City's Salary Schedule. The rates of pay set forth in the City's Salary Schedule represent the standard rates of pay for full time employment for each classification, unless the schedule specifically indicates otherwise.

15.2. Salary Upon Appointment

Employees henceforth promoted to the classification of Battalion Chief will receive a five percent (5%) salary increase above current base pay salary on the salary schedule six (6) months after their advancement to the Battalion Chief classification, and may be moved in five percent (5%) increments by the Fire Chief annually until the top of the range is reached. Increases in excess of five percent (5%) may be granted upon recommendation of the Fire Chief and approval of the City Manager.

15.3. Salary Equivalents

Any monthly, daily, or hourly rate of pay may be converted into any equivalent rate of pay or to any other time bases only when, in the judgment of the City Manager, such a conversion is advisable. In determining equivalent amounts on different time bases the City shall provide tables or regulations for calculating payments for service of less than full-time, and for use in converting monthly salaries to hourly rates, as well as for calculating hourly rates.

15.4. Salary Step After Military Leave

Upon returning to City service, all employees who have been granted military leave shall be entitled to the automatic salary advancements within the range/scale of the established salary range for their classifications for the period they were in the military service.

15.5. Salary Step When Salary Range is Increased

Whenever the monthly schedule of compensation for a class is revised, each incumbent in a position to which the revised schedule applies shall be entitled to the step in the revised range which corresponds to the employee's step held in the previous range, unless otherwise specifically provided by the City Manager.

15.6. Salary Step After Promotion or Demotion

When an employee is promoted from a position in one rank to a position in a higher rank and, at the time of promotion, is receiving a salary equal to or greater than the minimum rate for the higher rank, that employee shall be promoted to a step in the salary range of the higher rank which is at least five percent (5.0%) above the current base pay salary on the salary schedule of the current base pay rate the employee has been receiving, except that the new step shall not exceed the maximum salary of the higher rank. When an employee is demoted, whether such demotion is voluntary or otherwise, that employee's compensation shall be adjusted to the salary prescribed for the rank to which demoted.

15.7. Salary on Reinstatement

If a former employee is reinstated to the same position previously held or to one carrying a similar salary range, his/her salary shall not be higher than his/her salary at the time of his/her separation, unless there has been an increase within the salary range.

15.8. Salary Adjustments

The 8.5% Salary Survey increase initially effective on July 1, 2010 and the 3.68% Cost of Living increases initially included in the 2033 – 2007 MOU shall be eliminated retroactively and prospectively.

The Salary Schedule ~~as of March 31, 2011 and~~ attached in Appendix A shall provide salary rates for the duration of the contract ~~except for the changes to the salary schedule that establishes a new salary range for forty (40) hour employees in this unit, effective August 1, 2011 in accordance with the changes in holiday pay in Section 12~~. There shall be no salary increases for the duration of the contract.

SECTION 16. SEPARABILITY OF PROVISIONS

In the event that any provisions of this Memorandum of Understanding are declared by a court of competent jurisdiction to be illegal or unenforceable, that provision of the Memorandum of Understanding shall be null and void but such nullification shall not affect any other provisions of this Memorandum of Understanding, all of which other provisions shall remain in full force and effect.

SECTION 17. PRACTICES AND EXISTING MEMORANDA OF UNDERSTANDING

Continuance of working conditions and practices not specifically authorized by ordinance or by resolution of the City Council is not guaranteed by this Memorandum of Understanding.

~~In the event that PERS changes its interpretation concerning the compensability of the former procedure for the Earned Time Allowance, the parties commit to return to the Earned Time Allowance procedure for employees with twenty-two (22) or more years of continuous service.~~

This Memorandum of Understanding shall supersede all existing Memoranda of Understanding between the City and the Union.

SECTION 18. SCOPE OF AGREEMENT

Except as otherwise specifically provided herein, this Memorandum of Understanding fully and completely incorporates the understanding of the parties hereto and constitutes the sole and entire agreement between the parties on any and all matters subject to meeting and conferring.

SECTION 19. DURATION OF AGREEMENT

Upon its adoption by the Stockton City Council, this Memorandum of Understanding shall be effective as of the date of execution unless otherwise indicated herein, and shall remain in full force and effect up to and including the 30th day of June ~~2012~~ **2013**.

SECTION 20. MAINTENANCE OF OPERATIONS

a. It is recognized that the need for continued and uninterrupted operation of City services is of paramount importance. Therefore, the Union and each employee represented thereby agrees that from the date of execution of this Memorandum of Understanding, through and inclusive of June 30, ~~2012~~ **2013**, the Union or any person acting on its behalf, or each employee in a classification represented by the Union, shall not cause, authorize, engage in, encourage, or sanction a work stoppage, slowdown, refusal of overtime work, refusal to operate designated

equipment (provided such equipment is safe and sound), or picketing (other than informational picketing) against the City, the individual or concerted failure to report for duty, or abstinence from the full and faithful performance of the duties of employment (including compliance with the request of another labor organization or bargaining unit to engage in such activity) in an attempt to induce a change in wages, hours, and other terms and conditions of employment.

b. An employee shall not be entitled to any wages or City paid benefits whatsoever if the City Council, by majority vote, determines to its satisfaction that the employee is or has been engaging in any activity prohibited by subsection "a" of this section. In addition, the City may take other action that it deems appropriate.

c. If the City Council, by majority vote, determines to its satisfaction that subsection "a" of this section has been violated by the Union, the City may take such remedial action as it deems appropriate.

d. The Union recognizes the duty and obligation of its representatives and members to comply with the provisions of this Memorandum of Understanding and to make every effort toward inducing all employees in this unit to fully and faithfully perform their duties. In the event any activity prohibited by subsection "a" occurs, the Union agrees to take any and all steps necessary to assure compliance with this Memorandum of Understanding.

COMPREHENSIVE SUMMARY OF

CITY OF STOCKTON

UNREPRESENTED MANAGEMENT/CONFIDENTIAL AND LAW EMPLOYEES' COMPENSATION PLAN

The City's Unrepresented Management/Confidential employees designated Management MA (Department Heads), Management MV (Assistant Department Heads and other Middle-Management), Confidential MW (Administrative/Support Staff in the City Manager's Office, the Human Resources Department, and the City Auditor's Office), Law Department employees designated "Executive Plan" (EP), "Professional Plan" (PP), and "Support Plan" (SP) are hereby accorded compensation and benefits as outlined in this Plan consistent with the Stockton City Council's objective to fairly and equitably provide for its Unrepresented Management/Confidential and Law employees.

The Unrepresented Management/Confidential and Law Employees' Compensation Plan, as amended shall be effective **July 1, 2012** ~~August 1, 2011~~.

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The Unrepresented Management/Confidential and Law Employees' Compensation Plan, consists of a salary administration program and certain benefits specific to six (6) categories of non-represented employees listed in this Plan. This Plan shall be administered by the City Manager who is the City Council's designated representative for determining compensation and benefits for regular status Unrepresented Management/Confidential and Law Employees.

Management Plan "MA" includes the Assistant City Manager, Deputy City Manager II and Department Heads. Management Plan "MV" includes Assistant Department Heads, other Middle-Management classifications and the Liability Claims Investigator I/IIs. Confidential Plan "MW" includes other administrative and support staff in the City Manager's Office, City Auditor's Office, City Clerk's Office, and the departments of Human Resources, Administrative Services, Municipal Utilities, Fire, and Police. Executive Plan "EP" includes the City Attorney and the Assistant City Attorney. Professional Plan "PP" includes the Deputy City Attorneys. Support Plan "SP" includes all other Law Department personnel.

Unless specifically identified, all terms of this Compensation Plan apply to all groups listed above.

Section 1 Retirement Benefits

1.1 Retirement Benefits

(a) Effective August 1, 2011, miscellaneous employees' covered by this Plan, shall pay their own statutory employee contribution. Employees will pay 7% of their current base salary and other compensation as qualified by state law toward Public Employees' Retirement System (PERS) for the employee's PERS contribution.

(b) Effective August 1, 2011, safety employees covered by this Plan shall pay their own statutory employee contribution. Employees will pay 9% of their current base salary and other compensation as

qualified by state law toward PERS for the employee's PERS contribution.

(c) Under IRS 414h, previously adopted by resolution by the City, the employee's payment will be paid by the employee on a pre-tax basis. Such amounts will be applied to the employee's individual accounts in accordance with California Government Code section 20615.

1.2 Public Employees' Retirement System Benefits for Unit Employees hired on or before August 1, 2011.

(a) The City's PERS retirement plan for miscellaneous employees is two percent (2%) at age 55. The City's PERS retirement plan is modified to reflect California Government Code section 21024 (Military Service Credit as Public Service) and section 21027 (Military Service Credit for Retired Persons), as hereinafter may be amended. The City provides PERS California Government Code section 20692 (Employer Paid Member Contributions Converted to Payrate during the Final Compensation Period) as an added PERS benefits. Internal Revenue Service (IRS) Code 414H(2) will be concurrently implemented with PERS California Government Code section 20692. The City provides PERS California Government Code section 20965 (Credit for Unused Sick Leave) as an added PERS benefits, the City provides PERS California Government Code section 21574 (Fourth Level of 1959 Survivor Benefits) as added PERS benefits. The City will provide PERS California Government Code section 21335 up to a 5% Annual Cost-of-Living Allowance, as an added PERS benefit.

(b) The City's PERS retirement plan for safety employees shall be the same plan in effect for other similar safety employees in other units.

1.3 Public Employee Retirement System Benefits for Unit Employees hired on or after August 1, 2011.

The City will amend its PERS contract effective August 1, 2011, or as soon thereafter as possible, to provide a new tier of retirement

benefits for employees hired by the City after the PERS amendment goes into effect.

(a) For Miscellaneous employees, the new tier shall have a retirement formula of 2% at 60 with three year average salary formula, standard PERS COLA, and no other additional PERS benefits for all unit employees hired on or after July 1, 2011, or as soon as administratively possible consistent with PERS contract process. All unit employees shall pay the entire seven percent (7%) of the employee's current base salary and any other compensation as qualified by state law towards PERS retirement benefit through a payroll deduction.

(b) The new tier for Safety employees shall be the same as the Fire employees or Police employees as appropriate under the applicable PERS contract. All safety employees shall pay the entire nine percent (9%) of the employee's current base salary and any other compensation as qualified by state law towards PERS retirement benefit through a payroll deduction.

Section 2 Group Life Insurance Coverage

Each participant in the program will receive group life insurance coverage paid for by the City of Stockton.

~~Effective January 1, 2001, MA and EP employees will receive life insurance coverage equal to three and one-half (3 ½) times their annual salary.~~

~~Effective January 1, 2001, MV and PP employees will receive coverage equal to two and three-quarter (2 ¾) times their annual salary.~~

~~Effective January 1, 2001, MW and SP employees will receive coverage equal to life insurance coverage will be two (2) times their annual salary.~~

~~In all instances, coverage will be rounded to the nearest ONE THOUSAND DOLLARS ($1,000).~~

Effective July 1, 2012, the City shall provide, at no cost to the employee, a term life and a accidental death and dismemberment insurance policy with a value of $50,000.

Section 3 Long Term Disability (LTD) Insurance Coverage

Employees covered by this Plan, except as provided below, and will receive long term disability insurance coverage. The benefits of this plan shall be included in the Plan document or contract but are generally summarized as follows:

(a) Each disability - approximately 66 2/3% of salary for MA, MV, MW, EP, PP, and SP employees **up to the maximum salary replacement amount as specified in the City's long term disability plan.**

(b) **Disability income payments shall commence after ninety (90) day waiting period. Employees may use sick leave and other leave balances to cover this waiting period, or leave without pay.** ~~A 30-day is waiting period before eligibility for benefit~~.

(c) Benefit payable up to age sixty-five (65).

(d) The City shall continue its normal contribution for employee medical premiums during the ninety (90) days waiting period

(e) Effective May 1, 2010, Fire Management will receive LTD insurance coverage through the California Association of Professional Firefighters. The City pays the cost of the insurance premium.

Section 4 Health and Dental Insurance

4.1 Employee Coverage

(a) Choice of Health Plans -Employees covered by this Plan shall have a choice of enrolling themselves and their eligible dependents in any of the City-sponsored medical, dental and vision plans. The City's Modified Plan, revised as of September 1, 2011, or any other city sponsored plan that the City shall offer to regular employees, shall be available to employees in this group. For the modifications to the City's Modified Plan, which are effective September 1, 2011, the revised annual deductible shall be effective on January 1, 2012.

(b) Eligibility. Employees shall become eligible for Medical and vision insurance on the first day of the month subsequent to completion of thirty (30) days of continuous service with the City. Employees shall become eligible for Dental insurance on the first day of the month subsequent to completion of sixty (60) days continuous service with the City. **An eligible employee and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/registered domestic partner or another eligible City employee, but not both. If an employee is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee plan (i.e., an employee and his or her dependent cannot be covered by more than one City-offered health plan).**

(c) City Insurance Contribution. Employee contributions in effect on July 1, 2011, shall remain in effect until September 1, 2011, when they shall be replaced with the following. Effective September 1, 2011:

1) The City shall contribute up to $481.00 per month toward the cost of the monthly premium for employee-only medical/dental/vision plan coverage.

2) The City shall contribute up to $875.00 per month toward the cost of the monthly premium for employee plus one dependent medical/dental/vision plan coverage.

3) The City shall contribute up to $1,165.00 per month toward the cost of the monthly premium for employee plus two or more dependents medical/dental/vision plan coverage.

4) These contributions are based on full-time employment; regular part-time employees shall receive a prorated contribution based on their percentage of full-time employment. The employee, through payroll deductions, shall pay insurance plan premiums that exceed the City's monthly contribution. The City shall maintain its IRS Section 125 Plan to allow for employee contributions for medical/visions/dental to be pre-tax premium conversion.

(d) Plan Rules. Employees may insure themselves and their eligible dependents under the medical/vision and dental plans provided by the City, in accordance with the rules and regulations applicable to the selected Plan. Benefits in the Plan shall be in accordance with the Plan document.

(e) Provisional and temporary employees are not eligible for any of the above benefits.

(f) Employees receive benefits in the City's Modified Plan, which is referred to in this resolution as "Modified Employee Medical Plan." Modifications to the City's Modified Plan shall be effective September 1, 2011.

~~4.2 Effective January 1, 1997, the City will continue the above-stated medical coverage benefits for spouse/registered domestic partner, and eligible dependents upon the death of an employee while employed with the City of Stockton. When the spouse or registered domestic partner becomes age 65, City medical coverage shall be secondary coverage and supplemental to Medicare.~~

4.3 Health and Welfare Benefits During Layoff Regular status employees who are laid off will have an option of maintaining their existing health and welfare benefits for thirty-six (36) months from the date of layoff, provided timely payments of the premiums by the employee are made to the City, according to City regulations, and provided the employee otherwise meets the requirements of Federal and State regulations.

4.4 Retirement Medical Allowance

(a) Eligibility. An eligible retiree and eligible dependent may be enrolled in a City offered medical plan either as a subscriber in a City offered medical plan or, as the dependent spouse/registered domestic partner or another eligible City employee/retiree, but not both. If an employee/retiree is also eligible to cover their dependent child, the child will be allowed to enroll as a dependent on only one employee or retiree's plan (i.e., a retiree and his or her dependent cannot be covered by more than one City-offered health plan).

(b) City Contribution for the Period July 1, 2012 Through June 30, 2013. Effective July 1, 2012, for employees hired on or before June 30, 2011, at retirement only, the City shall provide to employees retiring from the City the following contribution towards the costs of retiree medical insurance:

(1) Employees retiring with over 10 years of full time service with the City of Stockton as a regular employee

shall receive a City contribution of $150 a month towards the cost of retiree medical insurance.

(2) Employees retiring with over 20 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $300 a month towards the cost of retiree medical insurance.

(3) Employees retiring with over 30 years of full time service with the City of Stockton as a regular employee shall receive a City contribution of $450 a month towards the cost of retiree medical insurance.

(4) Employees with less than 10 years of service for the City shall not be eligible for a city contribution towards retiree medical and may not be enrolled in the City sponsored plans.

(5) Benefits for part time employees who retire are prorated based on their full time equivalent.

(6) The City contributions shall end with the death of the retiree and no survivor benefits are provided.

(7) Retirees who are enrolled in city-sponsored plans may not enroll their eligible dependents at their own expense.

The City's obligation for retiree medical benefits is to the retiree and shall end upon the death of the retiree. Surviving spouses shall not be eligible for any city paid benefit after the death of the city retiree. Any benefits previously paid to surviving spouses has been paid in error and without the approval of the City Council.

(c) Elimination of Retiree Dental Benefits to Current and

Retired Department Heads. Effective July 1, 2012, the City shall no longer provide a contribution towards the cost of retiree dental insurance for current employees (future retirees) and current retirees. Retirees shall not be eligible to participate in the City's dental plans.

(d) Elimination of Retiree Medical Program Effective June 30, 2013. Effective June 30, 2013, the City shall no longer provide a contribution towards the cost of retiree medical insurance for current employees (future retirees) and current retirees. Retirees shall not be eligible to participate in the City's medical plans.

~~(a) For unit members hired prior to August 1, 2011, and who meet the requirements below, the City shall pay a premium for the purpose of providing hospital-medical and prescription benefits for each employee covered by this Plan who has retired. Such coverage shall include one (1) dependent . The medical plan for employees retiring shall be the City's Modified Plan, which includes changes effective September 1, 2011. In addition, MA and EP employees will be provided dental coverage upon retirement until age 65.~~

~~(b) Normal Service Retirement~~

~~Eligibility for the allowance provided by this Section is limited to employees who have retired subsequent to April 1, 1983, and who have retired at age fifty (50) or later. Such allowance shall terminate at age sixty-five (65).~~

~~(c) Disability Retirement~~

~~Eligibility for the allowance provided by this Section is limited to employees who have retired subsequent to April 1, 1983, and such allowance shall be limited to a maximum of fifteen (15) years or the attainment of age sixty-five (65), whichever occurs first.~~

~~4.5 Supplemental Retiree Medical Insurance Allowance and Coordination with Medicare after Age 65.~~

~~For unit members hired prior to August 1, 2011, and who retired after January 1993, and eligible for retiree medical insurance allowance as provided in this section, shall continue to be eligible to participate in the City's Modified Plan, which includes changes effective September 1, 2011, for retired employee and one (1) eligible dependent when both persons reach age sixty-five (65) or at the age when eligible for Medicare, whichever occurs later. The City's retiree medical insurance plan shall be supplemental and secondary to Medicare medical coverage or any other medical benefit coverage available to the retired employee and eligible dependent.~~

~~4.6 Retiree Medical Benefits for employees hired by the City after August 1, 2011~~

~~Unit members with a City hire date on or after August 1, 2011, will not be eligible for any retiree medical benefit or contribution including either the regular Retirement Benefit Allowance (to age 65) or the Supplemental Allowance (after age 65) as set forth above in sections 4.4 and 4.5 above.~~

4.5 Alternative Retirement Medical Plans

The parties have negotiated that employees may choose to enroll in one or more additional health plans instead of the City

Modified Plan (including but not limited to Kaiser Senior Advantage).

This language sets forth the conditions in which current employees, when they retire from the City and otherwise qualify for a retiree medical benefit from the City as stated in Sections 14.3 and 14.4 of this resolution , may also choose to enroll in City sponsored alternative plans in the same manner as when they were employees, as well as retiree only medical plans. The following conditions shall apply:

(a) If an employee is in a City sponsored alternative plan at the time of retirement, the employee shall be allowed to continue in that Plan. Employees in the union sponsored plans authorized by the City at the time of retirement shall be allowed to continue in that Plan. (Operating Engineers units).

(b) Employees not in an alternative Plan at the time of retirement shall not be allowed to enroll in any alternative plan except that; any retiree may voluntarily enroll in a City sponsored retiree only Plan.

A retiree may only enroll in alternative plans other than the City Modified Plan when:

(a) The retiree selecting plans other than the City's Modified Plan must agree that the City's financial contribution to a premium payment for any other Plan shall not exceed the current contribution amount the City would pay if the retiree is enrolled in the City Modified Plan, and

(b) The individual retirees will be required to sign a form that indicates their agreement with these conditions.

The City reserves the right to eliminate these additional plans and the choice of multiple plans is not a vested right. Like the City Modified Plan, the City reserves the right to make plan design changes as necessary in these Alternative Plans.

4.6 Medicare Supplemental Coverage Requirements only for Employees Hired on or Before June 31, 2011.

The City reserves the right to terminate reimbursement payments for Part A Medicare coverage, in which event the retiree will receive the City's modified medical plan which includes medical design changes effective September 1, 2011 as the primary health coverage, with the premiums for such coverage to be paid by the City. The coverage provided pursuant to this section shall apply to the retiree and his/her spouse

Under the federal Health Care Reform Plan, sponsors may modify the medical benefits provided to retirees only. The City will modify its retiree health care plan to reflect the following:

(a) Return Plan benefits for Acupuncture to 12 visits per year (instead of unlimited) and returns the payment percentage paid to 60% (instead of 80%);

(b) Return Plan benefits for Alcohol and Drug Treatment admissions to 30 days and 3 lifetime admissions (instead of unlimited);

(c) Return Plan benefits for Outpatient Mental Health or Nervous Disorder services to 15 visit maximum (instead of unlimited);

(d) Change Plan benefits for Preventative care and wellness to 80% instead of current 100%;

(e) Return Plan benefits on the lifetime cap on plan benefits to $2.5 million (instead of unlimited);

(f) Return Plan benefits on the maximum age of dependent children to be enrolled in the Plan to age 19 unmarried, and not serving in the armed forces to 23 if attending school full time and qualifies as a dependent for federal income tax purposes.(instead of age 26); and

(g) Change Plan benefits for Emergency room benefits.

Section 5 Holidays

5.1 Qualifying for Holiday Pay

All regular employees, excluding provisional and temporary employees, shall be entitled to take all authorized holidays at full pay not to exceed eight (8) hours for any one (1) holiday.

5.2 Holidays Observed by the City

(1) January 1 ..... New Year's Day
(2) Third Monday in January Martin Luther King Jr.'s Birthday
(3) Second Monday in February ..... Lincoln's Birthday
(4) Third Monday in February ..... Washington's Birthday
(5) March 31 (FLOATING) ..... Cesar Chavez Birthday
(6) Last Monday in May ..... Memorial Day
(7) July 4 ..... Independence Day
(8) First Monday in September ..... Labor Day
(9) Second Monday in October ..... Columbus Day
(10) November 11 ..... Veteran's Day
(11) Fourth Thursday in November ..... Thanksgiving
(12) The day following the day known as Thanksgiving
(13) December 25 ..... Christmas Day
~~(14) Employee's Birthday (FLOATING)~~

~~FLOATING holidays to be taken within ninety (90) work days on or after the observed holiday.~~

~~In addition, the City shall observe a day appointed by the President or Governor as a public holiday and ratified by the City Council.~~

If any of said holidays fall on a Sunday, the following Monday shall be observed as a holiday. If any of said holidays fall on a Saturday, the proceeding Friday shall be observed as a holiday.

In order to receive Holiday Pay the employee must be in a paid status the day before and the day after the holiday.

5.3 Compensation for Holidays Worked

Prior approval for holiday work must be secured from the City Manager except in emergency situations where said approval cannot be obtained beforehand.

5.4 Holiday Cash Out Upon Separation

When an employee is separated from the service between February 17, 2012 and July 1, 2014, the employee's remaining holiday allowance, if any, shall be paid as follows:

(a) Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated holiday hours.

(b) On the one year anniversary of employee's separation, he/shall shall receive the second payment of one third (1/3) or $10,000, whichever is greater of the balance of his/her unused accumulated holiday hours.

(c) On the second year anniversary of employee's separation he/she shall receive payment for the balance of the unpaid accumulated holiday hours.

(d) Employees who are involuntarily separated shall have their remaining holiday allowance, if any, added to his/her final compensation

Section 6 Vacation Leaves

Effective August 1, 2011, the following shall be the vacation leave benefits for all employees covered by this Plan. For employees having already received their annual vacation benefit for 2011/12 on July 1, 2011, the provisions of 6 (a) shall not go into effect until July 1, 2012.

For purposes of determining eligibility for Sections 6(a) and (b) below, all Department Heads and Deputy City Managers (MA and EP employees) are to be considered as having been employed by the City of Stockton for at least 7.5 Years and shall receive benefits based on that number of years of service. For purposes of determining eligibility for Sections 6(a) and (b) all assistant Department Heads and mid-management (MV and PP employees) are to be considered as having been employed by the City of Stockton for at least 1.5 years and shall receive benefits based on that number of years of service.

(a) Vacation Allowance.

Non overtime exempt employees. All regular employees, excluding provisional and temporary, shall accrue vacation leave with pay in accordance with the following schedule:

(1) Less than one and one-half (1-1/2) years continuous employment..... 80 hours/year.

(2) After one and one-half (1-1/2) to seven and one-half (7-1/2) years continuous employment 108 hours/year.

(3) After seven and one-half (7-1/2) to fifteen (15) years continuous employment..... 144 hours/year.

(4) After fifteen (15) to twenty-five (25) years continuous employment 189 hours/year.

(5) Thereafter, seven (7) additional hours for each completed year of service in excess of twenty-five (25) years.

~~(6) Employees who are in classifications exempt from earning overtime shall accrue an additional 40 hours of vacation each year.~~

~~(7) Employees shall accrue their vacation allowance in 24 equal amounts on a twice-monthly payroll basis (24 pay periods).~~

Overtime exempt employee. All overtime exempt employees, excluding provisional and temporary, shall accrue vacation leave with pay in accordance with the following schedule:

(1) Less than one and one-half (1-1/2) years continuous employment ..... 120 hours/year.

(2) After one and one-half (1-1/2) to seven and one-half (7-1/2) years continuous employment 148 hours/year.

(3) After seven and one-half (7-1/2) to fifteen (15) years continuous employment 188 hours/year.

(4) After fifteen (15) to twenty-five (25) years continuous employment 229 hours/year.

(5) Thereafter, seven (7) additional hours for each completed year of service in excess of twenty-five (25) years.

Employees shall accrue their vacation allowance in 24 equal amounts on a twice-monthly payroll basis (24 pay periods).

(b) Maximum Vacation Accrual. ~~Effective August 1, 2011,~~ Employees reaching the maximum hours provided here shall stop accruing additional vacation hours until they are below the caps listed here. No vacation hours maybe added to sick leave balances without exception. For employees who on August 1, 2011 have vacation balances that exceed their maximum, shall have one year to use sufficient vacation to get under the maximum allowed. If an employee does not get below the maximum by that date, they shall retain their existing earned vacation but shall not earn any additional vacation until they are under the maximum vacation allowed. MA and EP employees shall have two years to use sufficient vacation to get under the maximum allowed.

Maximum Vacation Accrual Caps.

40 hour employee (Non overtime exempt employee)	
Under 1.5 yrs	120 hours (15 days)
1.5-7.5 yrs	240 hours (30 days)
7.5-15 yrs	280 hours (35 days)
15-25yrs	320 hours (40 days)
26 yrs	328 hours (41 days)
27 yrs	336 hours (42 days)
28 yrs	344 hours (43 days)
29 yrs	352 hours (44 days)

Over 30 years shall receive an additional 7 hours for each year of service.

40 hour employee (Overtime exempt employee)

Under 1.5 yrs	200 hours (20 days)
1.5-7.5 yrs	320 hours (35 days)
7.5-15 yrs	360 hours (40 days)
15-25yrs	400 hours (45 days)
26 yrs	408 hours (46 days)
27 yrs	416 hours (47 days)
28 yrs	424 hours (48 days)
29 yrs	432 hours (49 days)

Over 30 years shall receive an additional 7 hours for each year of service

(c) Vacation Scheduling. Vacation leaves shall be scheduled with due consideration for the wishes of the employee and so as to not interfere with the normal operation of the City business. Vacation requests are accepted on a day for day basis.

(d) Holiday during Vacation. If any such paid holidays fall within an employee's vacation leave, the employee will not be charged vacation accrual for that day.

(e) Cash Payment Option for Vacation.

(1) Effective August 1, 2011, an employee may elect to receive cash payment for up to a maximum of forty (40) hours~~, or eighty (80) hours for employees in classifications exempt from earning overtime, of accumulated hours~~ annually except that all cash outs shall be suspended during furlough **or fiscal emergency** periods.

~~(2) Unused vacation hours are payable at separation~~.

(f) Vacation Cash Out Upon Separation. When an employee is separated from the service between February 17, 2012 and July 1, 2014, the employee's remaining vacation allowance, if any, shall be paid as follows:

(1) Upon separation, employees shall receive one third (1/3) or $10,000, whichever is greater, of the total of his/her unused accumulated vacation hours.

(2) On the one year anniversary of employee's separation, he/she shall receive the second payment of one third (1/3) or $10,000, whichever is greater, of the balance of his/her unused accumulated vacation hours.

(3) On the second anniversary of separation, he/she shall receive the balance payment of the unused accumulated vacation hours.

(4) Employees who are involuntarily separated shall have their unused accumulated vacation hours, if any, added to his/her final compensation.

Section 7 Mileage Reimbursement for Private Vehicle Use

The private vehicle mileage reimbursement will be paid to employees who use their private vehicle for City business travel within the City or out of the City limit. Such usage must be documented. Mileage reimbursement for use of personal vehicle shall be compensated at the current Internal Revenue Service (IRS) rate.

Reimbursement for average mileage on City business greater than 1,000 miles per month will be determined by the City Manager, provided no such reimbursement shall exceed IRS mileage reimbursement rate then in effect.

Section 8 Sick Leave

8.1 Sick Leave Use

(a) Accrual. All regular full-time employees, except provisional and temporary employees, shall accrue sick leave at the rate of eight (8) hours for each month of completed service.

All regular employees, except provisional and temporary employees, scheduled to work less than a full month shall accrue sick leave on a prorated basis. Unused sick leave shall accrue from year to year. Employees shall continue to accrue sick leave while off duty on authorized sick leave; provided, however, an employee shall not accrue sick leave during any leave or leaves of absence without pay granted to the employee.

(b) Usage. Employees are entitled to sick leave pay for those days, which the employee would normally have worked, to a maximum of the hours accrued, described as:

Preventive medical, dental, optical care, illness, injury or exposure to contagious disease which incapacitates the employee from performing normal work duties. This includes disabilities caused or contributed by pregnancy, miscarriage, abortion, childbirth and recovery there from.

(c) Family Sick Leave. Employees may utilize up to one-half of their annual sick leave accrual in the case of illness or injury in the employee's immediate family when such illness or injury requires personal care that otherwise would not be covered by the FMLA or CFRA leaves.

Such leave shall be restricted to the employee's parents, spouse, registered domestic partner, mother-in-law, father-in-law, child,

stepchild, brother, sister, brother-in-law, sister-in-law, grandparent and grandchild, and legal dependent.

It is not the intent of this provision to conflict with any state or federally mandated policies, such as the Family Medical Leave Act (FMLA), the California Family Rights Act (CFRA), or Pregnancy Disability Leave (PDL).

(d) Reporting Procedures for Sick Leave. When the requirement for sick leave is known to the employee in advance of the absence (for example, including but not limited to scheduled medical, dental or vision appointments), the employee shall request authorization for such sick leave from the Department Head prior to such absence.

If an employee is not able to report due to illness or injury, the employee shall report as soon as possible to the appropriate supervisor, but in no case more than thirty (30) minutes after the start of the work day, except for extenuating circumstances prohibiting giving notice.

Failure to notify as soon as possible and in conforming to the thirty (30) minute notification shall be cause for disciplinary action as determined by the appointing authority.

(e) Verification Procedures

(1) Before being paid for the use of accrued sick leave, the employee shall submit a signed statement to the Department Head, on a prescribed form, stating the dates and hours of absence, the exact reason, and such other information as is necessary for the request to be evaluated. If an employee doesn't return to work prior to the preparation of the payroll, other arrangements may be made with the Department Head.

(2) Doctor's Certificate or Other Proof. ~~If an employee's illness results in an absence from work for more than three (3)~~

~~consecutive days, a doctor's certificate or other reasonable proof of illness may be required.~~

The Director of Human Resources ~~may make such sick leave usage reviews and may require such additional documentation, including a physician's statement,~~ **may require a doctor's certificate or other reasonable proof of illness** as he/she deems necessary ~~before approving the sick leave benefit~~ **in order for an employee to receive an excused absence from work and sick leave pay. The employee shall be given notice prior to returning to work that he or she will be required to provide such documentation. Employees who have unscheduled absences due to illness on a scheduled work day preceding or following a holiday may be required to bring a doctor's certificate or other reasonable proof of illness in order to receive an excused absence and sick leave pay.**.

(3) If the City has a reasonable basis to believe that an employee is abusing the sick leave benefit, the City or the employee's supervisor must first meet with the employee to: 1) explain the reasonable basis for the believed abuse, and 2) discuss the reasons for the employee's absence. After such meeting, and depending on the factual circumstances, the City may:

(a) Place the employee on restricted sick leave for a period of not more than four (4) months, under the direction of the Director of Human Resources pursuant to section (e)(2) above;

(b) Suspend the employee without pay for up to five (5) days for abuse of sick leave; or dismissal from employment if a prior suspension involved abuse of sick leave;

(c) Place the employee in an employee assistance program, if agreed to by the employee.

(f) Use of Sick Leave while on Vacation. An employee who is injured or who becomes ill while on vacation may be paid for sick leave in lieu of vacation provided that the employee:

(1) Was hospitalized during the period for which sick leave is claimed, or

(2) Received medical treatment or diagnosis and presents a statement indicating disabling illness or injury signed by a physician covering the period for which sick leave is claimed.

8.2 Payment for Unused Sick Leave

(a) Payment for Unused Sick Leave for Unit Employees ~~Hired on or Before July 31, 2011~~

~~Upon separation with ten (10) years or more of employment, or upon separation of employment by reason of death, service or disability retirement, the employee or the employee's estate will be paid 50% of the total unused sick leave balance as of July 31, 2011 at its current cash value as of July 31, 2011. Any sick leave accrued on or after August 1, 2011, shall have no cash value. Unused sick leave that is not cashed out shall be used for service credit under the CalPERS contract.~~ **Effective February 17 2012, all sick leave shall have no cash value upon separation of employment and employees shall not be allowed to cash out unused sick leave. Employees shall be eligible for CalPERS service credit for unused sick leave at retirement based on the PERS contract provisions in effect at the time of their hire.**

~~(b) Payment for Unused Sick Leave for Unit Employees Hired on or after August 1, 2011~~

~~(1) Employees covered by this Plan who have a City hire date on or after August 1, 2011 shall not receive any cash payout of any sick leave upon separation from City employment for any reason.~~

~~(2) Employees hired by the City are eligible to convert unused sick leave towards CalPERS service credit based on the PERS contract benefits in effect at the time of their hire by the City.~~

Section 9 Educational Incentive Pay

Effective August 1, 2011, the Educational Incentive Pay of 3% will be eliminated.

Section 10 Longevity Pay (Professional Growth Pay)

Effective August 1, 2011, all longevity pay shall be eliminated for all employees covered by this Plan. However, the City shall grandfather only those employees who have completed twelve (12) continuous years of service with the City as of August 1, 2011, and who are receiving a Longevity Pay of 2.5% as of that date. Employees as of August 1, 2011 receiving a higher Longevity Pay based on benefits received by another unit shall also be grandfathered but they shall have their current Longevity Pay reduced by 2.5% and then frozen at those levels at that time. **As of July 1, 2012, longevity incentive pay allowance for these grandfathered employees shall be reduced to one and one-quarter percent (1.25%). Employees receiving a higher Longevity Pay based on benefits received by another unit shall have their remaining longevity reduced by one-half (1/2) effective July 1, 2012. As of June 30, 2013, longevity incentive pay allowance for these grandfathered employees shall be eliminated altogether.**

Section 11 Workers' Compensation Leave

11.1 Workers' Compensation Leave

(a) Workers' Compensation Benefits shall be provided in accordance with State law and schedules whenever an employee is absent from duty because of disability caused by illness or injury arising out of and in the course of employment which has been declared to be compensable under the Workers' Compensation Law. Any salary continuation program benefits that are in addition to the State benefits that were in effect on July 31, 2011 shall be eliminated effective August 1, 2011.

(b) Forms and Procedures. Workers' compensation processing shall be consistent with City procedures and in accordance with state workers' compensation regulations. **An employee who sustains a work-related injury or illness shall immediately inform his/her supervisor no matter how minor an on-the-job injury may appear. An employee who sustains a work-related injury or illness is required to seek medical care at facilities designated by the City unless they have filed a pre-designation of personal physician prior to sustaining the work-related injury or illness. For a list of City designated medical care facilities and/or physicians, please contact Human Resources**.

Section 12 Leave of Absence

12.1 Leave of Absence

Employees shall not be entitled to leave of absence as a matter of right, but only in accordance with the provisions of law and the City of Stockton Municipal Code. Unless otherwise provided, the granting of a leave of absence also grants to the employee the right to return to a position in the same classification or equivalent classification, as the employee held at the same time the leave was granted. The granting

of any leave of absence shall be based on the presumption that the employee intends to return to work upon the expiration of the leave.

All approval authority over leaves of absence exercised by the Department Head under this Section shall be subject to review by the Director of Human Resources, whose ruling shall be final.

(a) Purpose and Length. Only employees occupying regular positions on a regular basis are eligible for leaves of absence without pay under the provisions of this Section.

An appointing authority may grant leave of absence without pay for personal reasons up to a maximum of twelve (12) months with approval of the Director of Human Resources.

Leaves of absence without pay on account of illness or injury, which are not job incurred, may be granted for a maximum period of twelve (12) months with approval of the Director of Human Resources.

Such a leave will be granted only after all accrued sick leave credits have been used and shall be substantiated by a physician's statement.

(b) Application for and Approval of Leave of Absence Without Pay.

In order to receive leave without pay, an employee must submit a request on the prescribed form to his/her Department Head and the Director of Human Resources describing the reasons for the request and all other information required for the Department Head, or his/her representative, to evaluate the request. Leaves without pay may be cancelled by the department at any time.

(c) Employees on authorized leaves of absence without pay shall not be entitled to payment by the City of the premiums for their health and dental insurance, except as provided hereinafter.

The entitlement to City payment of premium shall end on the last day of the month in which the employee was paid except that employees on an authorized leave of absence may continue enrollment in the City health and dental insurance plan by prepayment of the full monthly premium during the authorized leave of absence.

Authorized absence without pay which exceeds thirty (30) consecutive calendar days, except military leave, shall not be included in determining salary adjustment rights, based on length of employment. Periods of time during which an employee is required to be absent from his/her position by reason of any injury or disease for which he/she is entitled to and currently receiving Workers' Compensation benefits shall be included in computing length of service for the purpose of determining that employee's salary adjustment.

12.2 Absence Without Official Leave (AWOL)

(a) Failure to Report to Duty or Failure to Return After Leave. Failure to report for duty or failure to report for duty after a leave of absence request has been disapproved, revoked, or cancelled or at the expiration for a leave shall be considered an absence without official leave and the employee shall be subject to discipline.

(b) Voluntary Resignation. Any employee without official leave for two (2) or more consecutive days or absent an aggregate of sixteen (16) hours in any calendar month without a satisfactory explanation shall be deemed to have voluntarily resigned from the City of Stockton, except if the absence is due to a verified illness or injury.

Section 13 Salary Plan

13.1 Wage Increases

Effective July 1, 2011, no salary increases for fiscal year**s** ~~2011/12~~ **2012-2013 and 2013-2014**.

13.2 Salary Step when Salary Range is Increased

Whenever the monthly schedule of compensation for a class is revised, each incumbent in a position to which the revised schedule applies shall be entitled to the step in the revised range which corresponds to the employee's step held in the previous range, unless otherwise specifically provided by the Director of Human Resources.

13.3 Salary Step after Promotion or Demotion

When an employee is promoted from a position in one rank to a position in a higher rank and at the time of promotion is receiving a base salary equal to, or greater than, the minimum base step rate for the higher rank, that employee shall be entitled to a step in the range of the higher rank which is at least five percent (5%) above the rate the employee has been receiving, except that the next step shall not exceed the maximum salary of the higher rank. When an employee is demoted, whether such demotion is voluntary or otherwise, that employee's compensation shall be adjusted to the salary prescribed for the class to which demoted.

13.4 Acting Pay

An employee who is assigned in writing to work in a higher paid classification and who performs a majority of the duties of that higher position after five (5) days shall receive the rate of pay in a step of the

higher classification which would have been received if the employee had been promoted into that classification.

The increased rate of pay will commence with the first day of the assignment; however, to qualify the employee must meet the above conditions before being eligible for Acting Pay.

13.5 Pay Equity Adjustments

The City recognizes that there may be a need for special salary adjustments for selected classifications as a result of recruitment problems, reclassifications, and/or organizational changes. The City, in its sole discretion, may make such adjustments.

13.6 Special Assignment Pay

The Department Head and the concurrence of the Director of Human Resources may approve additional compensation in an amount not to exceed one additional salary step when an employee is assigned to perform additional duties and responsibilities for the duration of the special assignment.

13.7 Salary Step after Military Leave

All employees who have been granted military leave shall, upon their return to City service, are entitled to the automatic salary advancements within the range scale of the established wage schedule of their classifications for the period they were in the military service.

Section 14 Work Furloughs

14.1 Work Furloughs

(a) **48** ~~96~~ Furlough Hours in Fiscal Years ~~2011-2012~~ **2012-2013 and 2013-2014**. Each unit employee shall take **forty eight (48)** ~~ninety-six (96)~~ furlough hours (leave from work without pay).

(b) Equalized Payroll Deductions. Payroll deductions for the **forty eight (48)** ~~ninety six (96)~~ furlough hours described in section 14.1, paragraph (a) above, shall be equalized so that each unit employee shall have **two (2)** ~~four (4)~~ hours at the employee's regular hourly rate of pay deducted from each of the twenty four (24) pay warrants of each fiscal year.

(c) Furlough days off shall be set by the City ~~and shall be in the same manner as for Fiscal Year 2010-11~~ as designated in the City Office Business Calendar as attached. Furlough days shall be considered time worked for the purposes of overtime.

(d) If a furlough is scheduled before or after a City holiday, the employee will, nevertheless, be eligible for holiday pay.

(e) Separation from City Service before June 30, 201**3** ~~2~~. Any employee who separates from City service before the final four (4) hour furlough deduction on July 7, 201**3** ~~2~~, for the pay period ending June 30, 201**3** ~~2~~, and after having used furlough hours, shall have his or her final compensation reduced by the sum of the number of furlough hours the employee has actually used minus the number of furlough hours actually deducted from the employee's pay warrants multiplied by the employee's regular hourly rate of pay. **Conversely, any employee who separates from City service before June 30, 2013, having suffered furlough deductions in excess of the actual number of furlough hours the employee has used, shall have his or her final compensation credited by like amount.**

Section 15 Work Schedule

15.1 MA, MV, EP, and PP employees shall not be eligible for overtime for extra hours worked to perform duties of their assigned position.

15.2 Department Heads are responsible for personally approving any overtime pay for MW and SP employees within their respective departments, with a report submitted to the City Manager at the end of each pay period explaining the overtime.

APPENDIX A

OVERVIEW OF THE CITY OF STOCKTON'S MODIFIED MEDICAL PLAN AS OF SEPTEMBER 1, 2011

The following is an overview of the City's Modified Medical Plan provided to eligible active and retired Employees and their eligible Family Members. Since this is only a summary of the benefits, you should refer to the full Summary Plan Description for a more complete description of Plan benefits, limitations and exclusions.

Plan Feature	Coverage Amount	
	When Provided by a Participating Provider	When Provided by a Non-Participating Provider
Calendar year deductible *(only Allowable Charges for Covered Services in Article 3 of this document can be applied toward the deductible)*	$500 per person; $1,500 maximum per family	$1,500 per person; $3,000 maximum per family
Calendar year out-of-pocket maximum on Allowable Charges *(only Allowable Charges for Covered Services in Article 3 of this document can be applied toward the out-of-pocket maximum))*	$5,000 per person; $10,000 maximum per family	None
Overall lifetime maximum benefit	None	None
Hospital		
Inpatient confinement	80% of Allowable Charges after a copayment of $75 per admission	50% of Allowable Charges after a copayment of $200 per admission
Outpatient department	80% of Allowable Charges	50% of Allowable Charges
Emergency room	80% of Allowable Charges; 50% of Allowable Charges if it is determined that an	80% of Allowable Charges; 50% of Allowable Charges if it is determined that an

Plan Feature	Coverage Amount	
	When Provided by a Participating Provider	When Provided by a Non-Participating Provider
	Emergency did not exist (refer to Article 1 for the Plan's definition of Emergency)	Emergency did not exist (refer to Article 1 for the Plan's definition of Emergency)
Skilled Nursing Facility	80% of Allowable Charges after a copayment of $75 per admission	50% of Allowable Charges after a copayment of $200 per admission
Outpatient therapy *(physical, respiratory, cardiac & speech)*	80% of Allowable Charges	50% of Allowable Charges
Home health care	80% of Allowable Charges	Not covered
Hospice care	80% of Allowable Charges	Not covered
Mental or nervous disorder		
Inpatient confinement	80% of Allowable Charges after a copayment of $75 per admission	50% of Allowable Charges after a copayment of $200 per admission
Outpatient services	80% of Allowable Charges	50% of Allowable Charges
Substance abuse treatment		
Inpatient confinement	80% of Allowable Charges after a copayment of $75 per admission	50% of Allowable Charges after a copayment of $200 per admission
Outpatient services	80% of Allowable Charges	50% of Allowable Charges
Outpatient diagnostic radiology & laboratory	80% of Allowable Charges	50% of Allowable Charges
Radiation therapy, chemotherapy & dialysis treatment	80% of Allowable Charges	50% of Allowable Charges
Physician services		
Office & hospital visits	80% of Allowable Charges	50% of Allowable Charges
Emergency room care	80% of Allowable Charges; 50% of Allowable Charges if it is determined that an Emergency did not exist	80% of Allowable Charges; 50% of Allowable Charges if it is determined that an Emergency did not exist

Plan Feature	Coverage Amount	
	When Provided by a Participating Provider	**When Provided by a Non-Participating Provider**
	(refer to Article 1 for the Plan's definition of Emergency)	(refer to Article 1 for the Plan's definition of Emergency)
Surgery	80% of Allowable Charges	50% of Allowable Charges
Anesthesia and its administration	80% of Allowable Charges	50% of Allowable Charges
Preventive Care *(physical exam, screenings, tests & immunizations as recommended by certain government agencies – refer to the definition of Preventive Care Services in Article 1)*	Not subject to the calendar year deductible; 100% of Allowable Charges	Calendar year deductible applies; 50% of Allowable Charges
Dental treatment	Not covered except 80% of Allowable Charges for treatment of Accidental Injury to natural teeth	Not covered except for 50% of Allowable Charges for treatment of Accidental Injury to natural teeth
Chiropractic services	80% of Allowable Charges	50% of Allowable Charges
Pregnancy & childbirth *(dependent children are not covered by this benefit)*	Covered on the same basis as an illness	Covered on the same basis as an illness
Infertility	80% of Allowable Charges	50% of Allowable Charges
Organ & tissue transplants	Payable on the same basis as any other illness	Payable on the same basis as any other illness
Ambulance service	80% of Allowable Charges	50% of Allowable Charges
Prosthetics & orthotics	80% of Allowable Charges	50% of Allowable Charges
Durable medical equipment	80% of Allowable Charges	50% of Allowable Charges
Hearing aids	80% of Allowable Charges; maximum benefit of $6,000 per lifetime	80% of Allowable Charges; maximum benefit of $6,000 per lifetime
Prescription Drug Program *(no calendar year*	**When Dispensed at a Participating Pharmacy**	**When Dispensed at a Non-Participating Pharmacy**

Plan Feature	Coverage Amount	
	When Provided by a Participating Provider	When Provided by a Non-Participating Provider
deductible applies)		
Retail pharmacy *(30 day supply limit)*	$10 copayment for a generic drug; $35 copayment for a non-generic formulary drug; no coverage for non-formulary drugs	Not covered
Mail service pharmacy *(90 day supply limit)* Mandatory Mail Order for Maintenance Medications	$20 copayment for a generic drug; $70 copayment for a non-generic formulary drug; no coverage for non-formulary drugs	Not covered

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Attachment 4

Summary of City Survey Agencies on Retiree Medical Benefits

Information was sought from the following agencies:

1. Anaheim
2. Bakersfield
3. Chula vista
4. Fairfield
5. Fremont
6. Fresno (city)
7. Glendale
8. Hayward
9. Irvine
10. Livermore
11. Lodi
12. Manteca
13. Oakland
14. Ontario
15. Pleasanton
16. Pomona
17. Riverside
18. Riverside
19. Sacramento (city)
20. Sacramento Metropolitan Fire District
21. Salinas
22. San Bernardino (city)
23. San Joaquin County
24. Santa Ana
25. Tracy

Miscellaneous Employees

RECEIVE NONE

- Bakersfield
- Chula vista
- Riverside
- Salinas

LIMITED BENEFIT. EMPLOYEE ACCUMULATES $ WHILE EMPLOYED ONLY

- FAIRFIELD. $50 a month to ICMA
- FRESNO % of sick leave into HRA at separation
- LIVERMORE. Retiree Health Savings plan except for dept. heads
- SAN JOAQUIN COUNTY if hired before 2001 get sick leave conversion to buy retiree contribution, if hired after 0
- TRACY Sick leave conversion

ONGOING AFTER RETIREMENT

- FREMONT. Mgmt. 6-9 yrs. $200 a month; 10-29yrs. $225; 20 yrs. Gets Kaiser retiree only rate frozen at time of retirement. 25yrs. Gets Kaiser+1 rate frozen at time of retirement. Other employees get 6-10 yrs. $100 a month; 11-19 $ 200; 20 plus $300
- HAYWARD. If retire after 2007 get $274 a month
- LODI. PERS minimum $108
- MANTECA. If retired before 2012 frozen at $696-1049 depending on unit. If retire 2012 or after get PERS minimum $108 a month
- SAN BERNARDINO. PERS minimum $108 a month
- SACRAMENTO CITY. If retired before 2008 at 10 yrs. 50% of Kaiser retiree only rate, -20yrs 100% of Kaiser only rate. If retire after 2008 get $300 retiree only or $365 retiree plus 1.

Police Employees

RECEIVE NONE

- BAKERSFIELD
- IRVINE
- LIVERMORE
- OAKLAND

LIMITED BENEFIT. EMPLOYEE ACCUMULATES $ WHILE EMPLOYED ONLY

- FRESNO % of sick leave into HRA at separation
- SAN JOAQUIN COUNTY if hired before 2001 get sick leave conversion to buy retiree contribution, if hired thereafter, receive nothing
- ANAHEIM. Health savings account
- GLENDALE. 2% into Retire Health savings account
- RIVERSIDE $ 100 a month to RMT
- SANTA ANA. ½% to RMT
- MODESTO. Sick leave conversion

ONGOING AFTER RETIREMENT

- FREMONT. 15 yrs. $97 a month; 16yrs. $104; 17 yrs. $ $110; 18 yrs.$ 117; 19 yrs. $123 20 yrs. Gets Kaiser retiree only rate frozen at time of retirement. 25yrs. Gets Kaiser+1 rate frozen at time of retirement.
- HAYWARD. If retire after 2007 get $274 a month
- ONTARIO. Same as active employees for Kaiser 2 party ($868)
- SAN BERNARDINO. PERS minimum $200 a month
- POMONA. $100 a month
- retiree medical benefit for retirees retiree plus 1

Fire Employees

RECEIVE NONE

- BAKERSFIELD

LIMITED BENEFIT. EMPLOYEE ACCUMULATES $ WHILE EMPLOYED ONLY

- FRESNO. % of sick leave into HRA at separation
- TRACY. Sick leave conversion

ONGOING AFTER RETIREMENT

- MODESTO. PERS minimum $108 a month
- ONTARIO. Same as employee. $1321 a month
- PLEASANTON. If hired after 2009. For less than 20 yrs. Get 4% a year of service for lowest cost plan retiree only rate. For over 20 yrs. Get 4% a year of service for lowest cost plan retiree plus1.
- SACRAMENTO METRO FIRE. Same as employee
- SACRAMENTO CITY. If retired after 1992 but before 2008 with 10 years 75% of plan cost retiree only. With 20 years get 100%. If retired after 2008 get $300 retiree only, $365 retiree plus 1

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Attachment 5

Summary of City Survey Agencies on Sick Leave at Separation Benefits

Misc.
None (may have PERS service credit)
FREMONT 0
FAIRFIELD 0 (but has annual cash out of 3 days)
LIVERMORE 0 (SERVICE CREDIT ONLY)
SACRAMENTO 0 (but has annual cash out of 3 days if they have over 60 days on books only)
SAN JOAQUIN COUNTY 0 if hired after 2001. If before 2001 sick leave conversion for retiree medical
CHULA VISTA PERS service credit only
LODI 0 (service credit some units only)

Conversion to retiree medical only
FRESNO 40% of hours in excess of 240hrs.
LODI 10 yrs. 50% to retiree medical plus 2.5% for each additional year of service. Some units
MODESTO 90% of 2200 hours
TRACY 100% retiree medical

Cash out
BAKERSFIELD 120 hours only (15 days)
HAYWARD 1% for each year of service (30 yrs =30%)
MANTECA 50% retirement only PERS service credit and 50% cash or 100% service credit.

POA
None
LIVERMORE
ONTARIO
SAN JOAQUIN COUNTY 0 if hired after 2001. If before 2001 sick leave conversion for retiree medical
SACRAMENTO 0 if hired after 2005, if hired before 25%

Conversion to retiree medical only
MODESTO 90% for retiree medical only

Cash out
BAKERSFIELD 25% retirement only
FRESNO 50%
POMONA 50% up to 1200 hours (=75 days of pay max)
RIVERSIDE 5-10 yrs. 25%, 10+ yrs. 50%
SAN BERNADINO 50% of max. of 480 hours

FIRE

None (may have service credit)
ONTARIO 0
PLEASANTON 0(service credit only)
SAC METRO 0 (but can cash out annually 6 days of sick if has over 1000 hours on books)
SAC CITY 0 (but has annual cash out of 25% if they have over 60 days of sick on books)

Conversion to retiree medical only
FRESNO 50% of hours in excess of 240 for retiree medical
TRACY AFTER 10 YRS. 100% for retiree medical
SAN BERNADINO after 5 yrs. Retirement or death 50% retiree medical

Cash out
ALAMEDA FIRE DISTRICT. In addition to PERS credit get 20% of unused
BAKERSFIELD 25%
MODESTO 90% of 2000 hours

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Attachment 6

Detailed Debt Proposal by Bond

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2003 COPs, Housing Projects Proposal (AMBAC)

City of Stockton Certificates of Participation Series 2003 A&B (Housing Projects)	
Original Amount:	$13,300,000
Remaining Amount:	$12,970,000 ($1,125,000 Ser A) ($11,845,000 Ser B)
Issued:	June 27, 2003
Final Maturity:	September 1, 2033
Insurer:	Ambac
Trustee:	Wells Fargo Bank, N.A.
Reserve Fund:	Cash $1,001,954.50 Requirement ($82,027.50 Series A Req.) ($919,927.00 Series B Req.)
Optional Prepayment:	September 1, 2013 @ 100%
Leased Premises:	Maya Angelou Library Main Police Facility Fire Stations 1, 5 and 14

Executive Summary

The City of Stockton is seeking debt service relief for a period of five years beginning July 1, 2012 (FY 12/13) through and including June 30, 2017 (FY16-17). In addition, the City is seeking to restructure the obligation which includes an additional five years of interest only (FY17-18 to FY21-22) and thirty years of full amortization thereafter (to FY51-52). The City does not believe there will be any funds available to pay this obligation until assessed values of the former RDA increase significantly. The City is seeking to continue the payment of debt service from available housing revenue of the former RDA, and also to continue the backstop of the General Fund in support of the restructured obligation.

Lease Payments

For the right to the use and occupancy of the Leased Premises, the Lease Agreement requires the City to make lease payments. Lease payments are due and payable in immediately available funds on the Interest Payment Dates immediately following each of the respective Lease Payment Dates specified in the Lease Agreement, and to be deposited by the City with the Trustee on each of the Lease Payment Dates during the term of the Lease Agreement. The Lease Payments are payable from any source of legally available funds of the City, which includes the General Fund

Leased Premises

The Leased Premises collectively consists of the real property comprising (i) The City's main police facility located in the downtown area near City Hall, (ii) the Southeast Branch Library, and (iii) three of the City's Fire Stations (including No. 1, 5 and 14).

Police Facility

The Police Facility is located at 22 E. Market Street in the downtown area of the City, conveniently located off the Crosstown Freeway. It was built on a 2-acre site and includes approvimately 44,000 square fee of building space with 140 parking spaces.

Library

The Southeast Branch Library is located at 2324 Pock Lane in the south area of the City. It was built in 1996 on a 1.8-acre site and includes approximately 20,000 square feet of building space. The Southeast Branch Library serves both City and County residents in multiple South Stockton neighborhoods and is 1 0f 10 libraries that comprse the Stockton-San Joaquin Library System.

Fire Stations

The Fire Station Facilities are the City's Fire Station No. 1 located at 1818 Fresno Avenue, Fire Station No. 5 Located at 3499 Manthey Road and Fire Station No. 14 located at 3019 McNabb Street. Each of the fire stations was built in 1995-1996, and primarily serves the neighborhood in which it is located. Each station occupies a half-acre site with a building of approximately 5,000 square feet. Station No. 1 is located in the south area of the City in the South Stockton Redevelopment Project Area. Station No. 5 is located in the south area off Interstate 5 in the Weston Ranch Subdivision. Station No. 14 is located in the north area; a new residential community commonly referred to as Spanos Park located off Interstate 5 and Eight Mile Road.

Internal Source of Repayment

The City is reimbursed for the Lease Payments by the Redevelopment Agency of the City of Stockton (the "Agency") pursuant to the terms of a Reimbursement Agreement (the "Agreement") dated as of June 1, 2003. The Agency's obligation is payable on a subordinated basis from is housing set-aside funds (20% of the former Agency's tax increment. While that pledge survives the enactment of AB X1 26 and the dissolution of the Agency, because it is subordinate to other agency bonds, there is little if any cash flow expected in the near to medium term from the Agency.

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Remaining Debt Service on the Current Obligation

Combined Series

City of Stockton
(Redevelopment Housing Projects)
Certificates of Participation, Series 2003 A and Taxable Series 2003B
Gross Debt Service Schedule (Current Obligation - Combined Series)

Date	Beginning Principal	Principal	Rate	Interest	Periodic Debt Service	Bond Year Debt Service	Fiscal Year Debt Service	Fiscal Year	Ending Principal
3/1/2013	12,625,000			318,797.50	318,797.50		318,797.50	2013	12,625,000
9/1/2013	12,625,000	360,000	N/A	318,797.50	678,797.50	997,595.00			12,265,000
3/1/2014	12,265,000			310,883.75	310,883.75		989,681.25	2014	12,265,000
9/1/2014	12,265,000	375,000	N/A	310,883.75	685,883.75	996,767.50			11,890,000
3/1/2015	11,890,000			302,587.25	302,587.25		988,471.00	2015	11,890,000
9/1/2015	11,890,000	390,000	N/A	302,587.25	692,587.25	995,174.50			11,500,000
3/1/2016	11,500,000			293,951.75	293,951.75		986,539.00	2016	11,500,000
9/1/2016	11,500,000	410,000	N/A	293,951.75	703,951.75	997,903.50			11,090,000
3/1/2017	11,090,000			284,869.75	284,869.75		988,821.50	2017	11,090,000
9/1/2017	11,090,000	430,000	N/A	284,869.75	714,869.75	999,739.50			10,660,000
3/1/2018	10,660,000			275,315.75	275,315.75		990,185.50	2018	10,660,000
9/1/2018	10,660,000	445,000	N/A	275,315.75	720,315.75	995,631.50			10,215,000
3/1/2019	10,215,000			264,066.25	264,066.25		984,382.00	2019	10,215,000
9/1/2019	10,215,000	470,000	N/A	264,066.25	734,066.25	998,132.50			9,745,000
3/1/2020	9,745,000			252,158.75	252,158.75		986,225.00	2020	9,745,000
9/1/2020	9,745,000	495,000	N/A	252,158.75	747,158.75	999,317.50			9,250,000
3/1/2021	9,250,000			239,603.75	239,603.75		986,762.50	2021	9,250,000
9/1/2021	9,250,000	515,000	N/A	239,603.75	754,603.75	994,207.50			8,735,000
3/1/2022	8,735,000			226,530.75	226,530.75		981,134.50	2022	8,735,000
9/1/2022	8,735,000	545,000	N/A	226,530.75	771,530.75	998,061.50			8,190,000
3/1/2023	8,190,000			212,679.00	212,679.00		984,209.75	2023	8,190,000
9/1/2023	8,190,000	570,000	N/A	212,679.00	782,679.00	995,358.00			7,620,000
3/1/2024	7,620,000			198,179.75	198,179.75		980,858.75	2024	7,620,000
9/1/2024	7,620,000	600,000	N/A	198,179.75	798,179.75	996,359.50			7,020,000
3/1/2025	7,020,000			182,597.25	182,597.25		980,777.00	2025	7,020,000
9/1/2025	7,020,000	630,000	N/A	182,597.25	812,597.25	995,194.50			6,390,000
3/1/2026	6,390,000			166,248.50	166,248.50		978,845.75	2026	6,390,000
9/1/2026	6,390,000	665,000	N/A	166,248.50	831,248.50	997,497.00			5,725,000
3/1/2027	5,725,000			148,975.75	148,975.75		980,224.25	2027	5,725,000
9/1/2027	5,725,000	700,000	N/A	148,975.75	848,975.75	997,951.50			5,025,000
3/1/2028	5,025,000			130,804.75	130,804.75		979,780.50	2028	5,025,000
9/1/2028	5,025,000	735,000	N/A	130,804.75	865,804.75	996,609.50			4,290,000
3/1/2029	4,290,000			111,672.25	111,672.25		977,477.00	2029	4,290,000
9/1/2029	4,290,000	775,000	N/A	111,672.25	886,672.25	998,344.50			3,515,000
3/1/2030	3,515,000			91,506.38	91,506.38		978,178.63	2030	3,515,000
9/1/2030	3,515,000	810,000	N/A	91,506.38	901,506.38	993,012.75			2,705,000
3/1/2031	2,705,000			70,416.50	70,416.50		971,922.88	2031	2,705,000
9/1/2031	2,705,000	855,000	N/A	70,416.50	925,416.50	995,833.00			1,850,000
3/1/2032	1,850,000			48,161.25	48,161.25		973,577.75	2032	1,850,000
9/1/2032	1,850,000	905,000	N/A	48,161.25	953,161.25	1,001,322.50			945,000
3/1/2033	945,000			24,608.63	24,608.63		977,769.88	2033	945,000
9/1/2033	945,000	945,000	N/A	24,608.63	969,608.63	994,217.25			-
3/1/2034	-			-	-		969,608.63	2034	-
Totals		**12,625,000**		**8,309,230.50**	**20,934,230.50**	**20,934,230.50**	**20,934,230.50**		

CONFIDENTIAL

Series A (Tax-Exempt)

City of Stockton
(Redevelopment Housing Projects)
Certificates of Participation, Series 2003A
Gross Debt Service Schedule (Current Obligation - Series A)

Date	Beginning Principal	Principal	Rate	Interest	Periodic Debt Service	Bond Year Debt Service	Fiscal Year Debt Service	Fiscal Year	Ending Principal
3/1/2013	1,090,000			22,420.00	22,420.00		22,420.00	2013	1,090,000
9/1/2013	1,090,000	35,000	3.250	22,420.00	57,420.00	79,840.00			1,055,000
3/1/2014	1,055,000			21,851.25	21,851.25		79,271.25	2014	1,055,000
9/1/2014	1,055,000	35,000	3.500	21,851.25	56,851.25	78,702.50			1,020,000
3/1/2015	1,020,000			21,238.75	21,238.75		78,090.00	2015	1,020,000
9/1/2015	1,020,000	35,000	3.500	21,238.75	56,238.75	77,477.50			985,000
3/1/2016	985,000			20,626.25	20,626.25		76,865.00	2016	985,000
9/1/2016	985,000	40,000	3.600	20,626.25	60,626.25	81,252.50			945,000
3/1/2017	945,000			19,906.25	19,906.25		80,532.50	2017	945,000
9/1/2017	945,000	40,000	3.700	19,906.25	59,906.25	79,812.50			905,000
3/1/2018	905,000			19,166.25	19,166.25		79,072.50	2018	905,000
9/1/2018	905,000	40,000	3.800	19,166.25	59,166.25	78,332.50			865,000
3/1/2019	865,000			18,406.25	18,406.25		77,572.50	2019	865,000
9/1/2019	865,000	45,000	4.000	18,406.25	63,406.25	81,812.50			820,000
3/1/2020	820,000			17,506.25	17,506.25		80,912.50	2020	820,000
9/1/2020	820,000	45,000	4.000	17,506.25	62,506.25	80,012.50			775,000
3/1/2021	775,000			16,606.25	16,606.25		79,112.50	2021	775,000
9/1/2021	775,000	45,000	4.000	16,606.25	61,606.25	78,212.50			730,000
3/1/2022	730,000			15,706.25	15,706.25		77,312.50	2022	730,000
9/1/2022	730,000	50,000	4.125	15,706.25	65,706.25	81,412.50			680,000
3/1/2023	680,000			14,675.00	14,675.00		80,381.25	2023	680,000
9/1/2023	680,000	50,000	4.125	14,675.00	64,675.00	79,350.00			630,000
3/1/2024	630,000			13,643.75	13,643.75		78,318.75	2024	630,000
9/1/2024	630,000	50,000	4.250	13,643.75	63,643.75	77,287.50			580,000
3/1/2025	580,000			12,581.25	12,581.25		76,225.00	2025	580,000
9/1/2025	580,000	55,000	4.250	12,581.25	67,581.25	80,162.50			525,000
3/1/2026	525,000			11,412.50	11,412.50		78,993.75	2026	525,000
9/1/2026	525,000	55,000	4.250	11,412.50	66,412.50	77,825.00			470,000
3/1/2027	470,000			10,243.75	10,243.75		76,656.25	2027	470,000
9/1/2027	470,000	60,000	4.250	10,243.75	70,243.75	80,487.50			410,000
3/1/2028	410,000			8,968.75	8,968.75		79,212.50	2028	410,000
9/1/2028	410,000	60,000	4.375	8,968.75	68,968.75	77,937.50			350,000
3/1/2029	350,000			7,656.25	7,656.25		76,625.00	2029	350,000
9/1/2029	350,000	65,000	4.375	7,656.25	72,656.25	80,312.50			285,000
3/1/2030	285,000			6,234.38	6,234.38		78,890.63	2030	285,000
9/1/2030	285,000	65,000	4.375	6,234.38	71,234.38	77,468.75			220,000
3/1/2031	220,000			4,812.50	4,812.50		76,046.88	2031	220,000
9/1/2031	220,000	70,000	4.375	4,812.50	74,812.50	79,625.00			150,000
3/1/2032	150,000			3,281.25	3,281.25		78,093.75	2032	150,000
9/1/2032	150,000	75,000	4.375	3,281.25	78,281.25	81,562.50			75,000
3/1/2033	75,000			1,640.63	1,640.63		79,921.88	2033	75,000
9/1/2033	75,000	75,000	4.375	1,640.63	76,640.63	78,281.25			-
3/1/2034	-			-	-		76,640.63	2034	-
Totals		1,090,000		577,167.50	1,667,167.50	1,667,167.50	1,667,167.50		

CONFIDENTIAL

Series B (Taxable)

City of Stockton
(Redevelopment Housing Projects)
Certificates of Participation, Taxable Series 2003B
Gross Debt Service Schedule (Current Obligation - Series B)

Date	Beginning Principal	Principal	Rate	Interest	Periodic Debt Service	Bond Year Debt Service	Fiscal Year Debt Service	Fiscal Year	Ending Principal
3/1/2013	11,535,000			296,377.50	296,377.50		296,377.50	2013	11,535,000
9/1/2013	11,535,000	325,000	4.520	296,377.50	621,377.50	917,755.00			11,210,000
3/1/2014	11,210,000			289,032.50	289,032.50		910,410.00	2014	11,210,000
9/1/2014	11,210,000	340,000	4.520	289,032.50	629,032.50	918,065.00			10,870,000
3/1/2015	10,870,000			281,348.50	281,348.50		910,381.00	2015	10,870,000
9/1/2015	10,870,000	355,000	4.520	281,348.50	636,348.50	917,697.00			10,515,000
3/1/2016	10,515,000			273,325.50	273,325.50		909,674.00	2016	10,515,000
9/1/2016	10,515,000	370,000	4.520	273,325.50	643,325.50	916,651.00			10,145,000
3/1/2017	10,145,000			264,963.50	264,963.50		908,289.00	2017	10,145,000
9/1/2017	10,145,000	390,000	4.520	264,963.50	654,963.50	919,927.00			9,755,000
3/1/2018	9,755,000			256,149.50	256,149.50		911,113.00	2018	9,755,000
9/1/2018	9,755,000	405,000	5.180	256,149.50	661,149.50	917,299.00			9,350,000
3/1/2019	9,350,000			245,660.00	245,660.00		906,809.50	2019	9,350,000
9/1/2019	9,350,000	425,000	5.180	245,660.00	670,660.00	916,320.00			8,925,000
3/1/2020	8,925,000			234,652.50	234,652.50		905,312.50	2020	8,925,000
9/1/2020	8,925,000	450,000	5.180	234,652.50	684,652.50	919,305.00			8,475,000
3/1/2021	8,475,000			222,997.50	222,997.50		907,650.00	2021	8,475,000
9/1/2021	8,475,000	470,000	5.180	222,997.50	692,997.50	915,995.00			8,005,000
3/1/2022	8,005,000			210,824.50	210,824.50		903,822.00	2022	8,005,000
9/1/2022	8,005,000	495,000	5.180	210,824.50	705,824.50	916,649.00			7,510,000
3/1/2023	7,510,000			198,004.00	198,004.00		903,828.50	2023	7,510,000
9/1/2023	7,510,000	520,000	5.180	198,004.00	718,004.00	916,008.00			6,990,000
3/1/2024	6,990,000			184,536.00	184,536.00		902,540.00	2024	6,990,000
9/1/2024	6,990,000	550,000	5.280	184,536.00	734,536.00	919,072.00			6,440,000
3/1/2025	6,440,000			170,016.00	170,016.00		904,552.00	2025	6,440,000
9/1/2025	6,440,000	575,000	5.280	170,016.00	745,016.00	915,032.00			5,865,000
3/1/2026	5,865,000			154,836.00	154,836.00		899,852.00	2026	5,865,000
9/1/2026	5,865,000	610,000	5.280	154,836.00	764,836.00	919,672.00			5,255,000
3/1/2027	5,255,000			138,732.00	138,732.00		903,568.00	2027	5,255,000
9/1/2027	5,255,000	640,000	5.280	138,732.00	778,732.00	917,464.00			4,615,000
3/1/2028	4,615,000			121,836.00	121,836.00		900,568.00	2028	4,615,000
9/1/2028	4,615,000	675,000	5.280	121,836.00	796,836.00	918,672.00			3,940,000
3/1/2029	3,940,000			104,016.00	104,016.00		900,852.00	2029	3,940,000
9/1/2029	3,940,000	710,000	5.280	104,016.00	814,016.00	918,032.00			3,230,000
3/1/2030	3,230,000			85,272.00	85,272.00		899,288.00	2030	3,230,000
9/1/2030	3,230,000	745,000	5.280	85,272.00	830,272.00	915,544.00			2,485,000
3/1/2031	2,485,000			65,604.00	65,604.00		895,876.00	2031	2,485,000
9/1/2031	2,485,000	785,000	5.280	65,604.00	850,604.00	916,208.00			1,700,000
3/1/2032	1,700,000			44,880.00	44,880.00		895,484.00	2032	1,700,000
9/1/2032	1,700,000	830,000	5.280	44,880.00	874,880.00	919,760.00			870,000
3/1/2033	870,000			22,968.00	22,968.00		897,848.00	2033	870,000
9/1/2033	870,000	870,000	5.280	22,968.00	892,968.00	915,936.00			-
3/1/2034	-			-	-		892,968.00	2034	-
Totals		**11,535,000**		**7,732,063.00**	**19,267,063.00**	**19,267,063.00**	**19,267,063.00**		

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Calculation of the Size of the Restructured Obligation

City of Stockton
(Redevelopment Housing Projects)
Certificates of Participation, Series 2003 A and Taxable Series 2003B
Calculation of Proposed Size of Restructured Obligation

Total Projected Unpaid Principal and Interest	3,270,355.75
Amount Unpaid 3/1/2012 (per City Council Action of 2/28/12)	-
Total Unpaid Amount	3,270,355.75
Remaining Unpaid Principal	12,265,000.00
Restructured Issue Size	15,535,355.75

Reserve Fund (Cash) 1,001,954.50

Fiscal Year	Fiscal Year Debt Service	Less Projected Available Revenues (*)	Remaining Fiscal Year Debt Service	Less: Draws Against Reserve Fund Corpus	Remaining Unpaid General Fund Debt Service
2013	318,797.50	-	318,797.50	(318,797.50)	-
2014	989,681.25	-	989,681.25	(683,157.00)	306,524.25
2015	988,471.00	-	988,471.00	-	988,471.00
2016	986,539.00	-	986,539.00	-	986,539.00
2017	988,821.50	-	988,821.50	-	988,821.50
Totals	4,272,310.25	-	4,272,310.25	(1,001,954.50)	3,270,355.75

(*) 9/1/12 Debt Service and Beyond Paid by Property Taxes Governed by Former Redevelopment Agency Successor Agency, Oversight Board and County Auditor-Controller

CONFIDENTIAL

City of Stockton
(Redevelopment Housing Projects)
Certificates of Participation, Series 2003 A and Taxable Series 2003B
Gross Debt Service Schedule (Restructured Obligation)

Date	Beginning Principal	Principal	Rate	Interest	Periodic Debt Service	Bond Year Debt Service	Fiscal Year Debt Service	Fiscal Year	Ending Principal
7/1/2012	15,540,000								15,540,000
9/1/2012	15,540,000								15,540,000
3/1/2013	15,540,000								15,540,000
9/1/2013	15,540,000								15,540,000
3/1/2014	15,540,000								15,540,000
9/1/2014	15,540,000								15,540,000
3/1/2015	15,540,000								15,540,000
9/1/2015	15,540,000								15,540,000
3/1/2016	15,540,000								15,540,000
9/1/2016	15,540,000								15,540,000
3/1/2017	15,540,000								15,540,000
9/1/2017	15,540,000	-	-	194,250.00	194,250.00	194,250.00			15,540,000
3/1/2018	15,540,000			194,250.00	194,250.00		388,500.00	2018	15,540,000
9/1/2018	15,540,000	-	-	194,250.00	194,250.00	388,500.00			15,540,000
3/1/2019	15,540,000			194,250.00	194,250.00		388,500.00	2019	15,540,000
9/1/2019	15,540,000	-	-	194,250.00	194,250.00	388,500.00			15,540,000
3/1/2020	15,540,000			194,250.00	194,250.00		388,500.00	2020	15,540,000
9/1/2020	15,540,000	-	-	194,250.00	194,250.00	388,500.00			15,540,000
3/1/2021	15,540,000			194,250.00	194,250.00		388,500.00	2021	15,540,000
9/1/2021	15,540,000	-	-	194,250.00	194,250.00	388,500.00			15,540,000
3/1/2022	15,540,000			194,250.00	194,250.00		388,500.00	2022	15,540,000
9/1/2022	15,540,000	350,000	2.500	194,250.00	544,250.00	738,500.00			15,190,000
3/1/2023	15,190,000			189,875.00	189,875.00		734,125.00	2023	15,190,000
9/1/2023	15,190,000	360,000	2.500	189,875.00	549,875.00	739,750.00			14,830,000
3/1/2024	14,830,000			185,375.00	185,375.00		735,250.00	2024	14,830,000
9/1/2024	14,830,000	370,000	2.500	185,375.00	555,375.00	740,750.00			14,460,000
3/1/2025	14,460,000			180,750.00	180,750.00		736,125.00	2025	14,460,000
9/1/2025	14,460,000	380,000	2.500	180,750.00	560,750.00	741,500.00			14,080,000
3/1/2026	14,080,000			176,000.00	176,000.00		736,750.00	2026	14,080,000
9/1/2026	14,080,000	390,000	2.500	176,000.00	566,000.00	742,000.00			13,690,000
3/1/2027	13,690,000			171,125.00	171,125.00		737,125.00	2027	13,690,000
9/1/2027	13,690,000	400,000	2.500	171,125.00	571,125.00	742,250.00			13,290,000
3/1/2028	13,290,000			166,125.00	166,125.00		737,250.00	2028	13,290,000
9/1/2028	13,290,000	410,000	2.500	166,125.00	576,125.00	742,250.00			12,880,000
3/1/2029	12,880,000			161,000.00	161,000.00		737,125.00	2029	12,880,000
9/1/2029	12,880,000	420,000	2.500	161,000.00	581,000.00	742,000.00			12,460,000
3/1/2030	12,460,000			155,750.00	155,750.00		736,750.00	2030	12,460,000
9/1/2030	12,460,000	430,000	2.500	155,750.00	585,750.00	741,500.00			12,030,000
3/1/2031	12,030,000			150,375.00	150,375.00		736,125.00	2031	12,030,000
9/1/2031	12,030,000	440,000	2.500	150,375.00	590,375.00	740,750.00			11,590,000
3/1/2032	11,590,000			144,875.00	144,875.00		735,250.00	2032	11,590,000
9/1/2032	11,590,000	450,000	2.500	144,875.00	594,875.00	739,750.00			11,140,000
3/1/2033	11,140,000			139,250.00	139,250.00		734,125.00	2033	11,140,000
9/1/2033	11,140,000	465,000	2.500	139,250.00	604,250.00	743,500.00			10,675,000
3/1/2034	10,675,000			133,437.50	133,437.50		737,687.50	2034	10,675,000
9/1/2034	10,675,000	475,000	2.500	133,437.50	608,437.50	741,875.00			10,200,000
3/1/2035	10,200,000			127,500.00	127,500.00		735,937.50	2035	10,200,000
9/1/2035	10,200,000	490,000	2.500	127,500.00	617,500.00	745,000.00			9,710,000
3/1/2036	9,710,000			121,375.00	121,375.00		738,875.00	2036	9,710,000
9/1/2036	9,710,000	500,000	2.500	121,375.00	621,375.00	742,750.00			9,210,000
3/1/2037	9,210,000			115,125.00	115,125.00		736,500.00	2037	9,210,000
9/1/2037	9,210,000	515,000	2.500	115,125.00	630,125.00	745,250.00			8,695,000
3/1/2038	8,695,000			108,687.50	108,687.50		738,812.50	2038	8,695,000
9/1/2038	8,695,000	525,000	2.500	108,687.50	633,687.50	742,375.00			8,170,000
3/1/2039	8,170,000			102,125.00	102,125.00		735,812.50	2039	8,170,000
9/1/2039	8,170,000	540,000	2.500	102,125.00	642,125.00	744,250.00			7,630,000
3/1/2040	7,630,000			95,375.00	95,375.00		737,500.00	2040	7,630,000
9/1/2040	7,630,000	555,000	2.500	95,375.00	650,375.00	745,750.00			7,075,000
3/1/2041	7,075,000			88,437.50	88,437.50		738,812.50	2041	7,075,000
9/1/2041	7,075,000	565,000	2.500	88,437.50	653,437.50	741,875.00			6,510,000
3/1/2042	6,510,000			81,375.00	81,375.00		734,812.50	2042	6,510,000
9/1/2042	6,510,000	580,000	2.500	81,375.00	661,375.00	742,750.00			5,930,000
3/1/2043	5,930,000			74,125.00	74,125.00		735,500.00	2043	5,930,000
9/1/2043	5,930,000	595,000	2.500	74,125.00	669,125.00	743,250.00			5,335,000
3/1/2044	5,335,000			66,687.50	66,687.50		735,812.50	2044	5,335,000
9/1/2044	5,335,000	610,000	2.500	66,687.50	676,687.50	743,375.00			4,725,000
3/1/2045	4,725,000			59,062.50	59,062.50		735,750.00	2045	4,725,000
9/1/2045	4,725,000	625,000	2.500	59,062.50	684,062.50	743,125.00			4,100,000
3/1/2046	4,100,000			51,250.00	51,250.00		735,312.50	2046	4,100,000
9/1/2046	4,100,000	640,000	2.500	51,250.00	691,250.00	742,500.00			3,460,000
3/1/2047	3,460,000			43,250.00	43,250.00		734,500.00	2047	3,460,000
9/1/2047	3,460,000	660,000	2.500	43,250.00	703,250.00	746,500.00			2,800,000
3/1/2048	2,800,000			35,000.00	35,000.00		738,250.00	2048	2,800,000
9/1/2048	2,800,000	675,000	2.500	35,000.00	710,000.00	745,000.00			2,125,000
3/1/2049	2,125,000			26,562.50	26,562.50		736,562.50	2049	2,125,000
9/1/2049	2,125,000	690,000	2.500	26,562.50	716,562.50	743,125.00			1,435,000
3/1/2050	1,435,000			17,937.50	17,937.50		734,500.00	2050	1,435,000
9/1/2050	1,435,000	710,000	2.500	17,937.50	727,937.50	745,875.00			725,000
3/1/2051	725,000			9,062.50	9,062.50		737,000.00	2051	725,000
9/1/2051	725,000	725,000	2.500	9,062.50	734,062.50	743,125.00			-
3/1/2052	-			-	-		734,062.50	2052	-
Totals		15,540,000		8,490,500.00	24,030,500.00	24,030,500.00	24,030,500.00		

CONFIDENTIAL

City of Stockton
(Redevelopment Housing Projects)
Certificates of Participation, Series 2003 A and Taxable Series 2003B
Calculation of Payment Differential and Fiscal Impact

Date	Restructured Obligation	Current Obligation	Periodic Difference	Fiscal Year Difference	Fiscal Year
7/1/2012					
9/1/2012		-	-		
3/1/2013		318,797.50	(318,797.50)	(318,797.50)	2013
9/1/2013		678,797.50	(678,797.50)		
3/1/2014		310,883.75	(310,883.75)	(989,681.25)	2014
9/1/2014		685,883.75	(685,883.75)		
3/1/2015		302,587.25	(302,587.25)	(988,471.00)	2015
9/1/2015		692,587.25	(692,587.25)		
3/1/2016		293,951.75	(293,951.75)	(986,539.00)	2016
9/1/2016		703,951.75	(703,951.75)		
3/1/2017		284,869.75	(284,869.75)	(988,821.50)	2017
9/1/2017	194,250.00	714,869.75	(520,619.75)		
3/1/2018	194,250.00	275,315.75	(81,065.75)	(601,685.50)	2018
9/1/2018	194,250.00	720,315.75	(526,065.75)		
3/1/2019	194,250.00	264,066.25	(69,816.25)	(595,882.00)	2019
9/1/2019	194,250.00	734,066.25	(539,816.25)		
3/1/2020	194,250.00	252,158.75	(57,908.75)	(597,725.00)	2020
9/1/2020	194,250.00	747,158.75	(552,908.75)		
3/1/2021	194,250.00	239,603.75	(45,353.75)	(598,262.50)	2021
9/1/2021	194,250.00	754,603.75	(560,353.75)		
3/1/2022	194,250.00	226,530.75	(32,280.75)	(592,634.50)	2022
9/1/2022	544,250.00	771,530.75	(227,280.75)		
3/1/2023	189,875.00	212,679.00	(22,804.00)	(250,084.75)	2023
9/1/2023	549,875.00	782,679.00	(232,804.00)		
3/1/2024	185,375.00	198,179.75	(12,804.75)	(245,608.75)	2024
9/1/2024	555,375.00	798,179.75	(242,804.75)		
3/1/2025	180,750.00	182,597.25	(1,847.25)	(244,652.00)	2025
9/1/2025	560,750.00	812,597.25	(251,847.25)		
3/1/2026	176,000.00	166,248.50	9,751.50	(242,095.75)	2026
9/1/2026	566,000.00	831,248.50	(265,248.50)		
3/1/2027	171,125.00	148,975.75	22,149.25	(243,099.25)	2027
9/1/2027	571,125.00	848,975.75	(277,850.75)		
3/1/2028	166,125.00	130,804.75	35,320.25	(242,530.50)	2028
9/1/2028	576,125.00	865,804.75	(289,679.75)		
3/1/2029	161,000.00	111,672.25	49,327.75	(240,352.00)	2029
9/1/2029	581,000.00	886,672.25	(305,672.25)		
3/1/2030	155,750.00	91,506.38	64,243.63	(241,428.63)	2030
9/1/2030	585,750.00	901,506.38	(315,756.38)		
3/1/2031	150,375.00	70,416.50	79,958.50	(235,797.88)	2031
9/1/2031	590,375.00	925,416.50	(335,041.50)		
3/1/2032	144,875.00	48,161.25	96,713.75	(238,327.75)	2032
9/1/2032	594,875.00	953,161.25	(358,286.25)		
3/1/2033	139,250.00	24,608.63	114,641.38	(243,644.88)	2033
9/1/2033	604,250.00	969,608.63	(365,358.63)		
3/1/2034	133,437.50	-	133,437.50	(231,921.13)	2034
9/1/2034	608,437.50	-	608,437.50		
3/1/2035	127,500.00	-	127,500.00	735,937.50	2035
9/1/2035	617,500.00	-	617,500.00		
3/1/2036	121,375.00	-	121,375.00	738,875.00	2036
9/1/2036	621,375.00	-	621,375.00		
3/1/2037	115,125.00	-	115,125.00	736,500.00	2037
9/1/2037	630,125.00	-	630,125.00		
3/1/2038	108,687.50	-	108,687.50	738,812.50	2038
9/1/2038	633,687.50	-	633,687.50		
3/1/2039	102,125.00	-	102,125.00	735,812.50	2039
9/1/2039	642,125.00	-	642,125.00		
3/1/2040	95,375.00	-	95,375.00	737,500.00	2040
9/1/2040	650,375.00	-	650,375.00		
3/1/2041	88,437.50	-	88,437.50	738,812.50	2041
9/1/2041	653,437.50	-	653,437.50		
3/1/2042	81,375.00	-	81,375.00	734,812.50	2042
9/1/2042	661,375.00	-	661,375.00		
3/1/2043	74,125.00	-	74,125.00	735,500.00	2043
9/1/2043	669,125.00	-	669,125.00		
3/1/2044	66,687.50	-	66,687.50	735,812.50	2044
9/1/2044	676,687.50	-	676,687.50		
3/1/2045	59,062.50	-	59,062.50	735,750.00	2045
9/1/2045	684,062.50	-	684,062.50		
3/1/2046	51,250.00	-	51,250.00	735,312.50	2046
9/1/2046	691,250.00	-	691,250.00		
3/1/2047	43,250.00	-	43,250.00	734,500.00	2047
9/1/2047	703,250.00	-	703,250.00		
3/1/2048	35,000.00	-	35,000.00	738,250.00	2048
9/1/2048	710,000.00	-	710,000.00		
3/1/2049	26,562.50	-	26,562.50	736,562.50	2049
9/1/2049	716,562.50	-	716,562.50		
3/1/2050	17,937.50	-	17,937.50	734,500.00	2050
9/1/2050	727,937.50	-	727,937.50		
3/1/2051	9,062.50	-	9,062.50	737,000.00	2051
9/1/2051	734,062.50	-	734,062.50		
3/1/2052	-	-	-	734,062.50	2052
	24,030,500.00	**20,934,230.50**	**3,096,269.50**	**3,096,269.50**	

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2004 LRBs–Parking Proposal (NPFG)

Stockton Public Financing Authority Lease Revenue Bonds, Series 2004 (Parking and Capital Projects)	
Original Amount:	**$32,785,000**
Remaining Amount:	**$31,640,000**
Issued:	**June 25, 2004**
Final Maturity:	**September 1, 2034**
Insurer:	**NPFG (FGIC)**
Trustee:	**Wells Fargo Bank, N.A.**
Reserve Fund:	**Cash** **$2,907,990.21 Requirement**
Optional Prepayment:	**September 1, 2014 @ 100%**
Leased Premises:	**Arena Parking Garage** **Ed Coy Parking Garage** **Market Street Garage**

Executive Summary

The City of Stockton no longer has possessory interest in the leased premises pursuant to two court rulings handed down on April 19th by the Superior Court of the State of California County of San Joaquin granting Wells Fargo Bank, National Association "Judgment of Possession After Unlawful Detainer" and also appointing a receiver under an "Order Appointing Receiver." Pursuant to the court finding the City is working diligently with the receiver to structure a handover and operating program for the leased assets. The City is not seeking a restructuring of this transaction, does not intend to reestablish possessory interest in the leased assets or pay any debt service moving forward.

Lease Payments

The Bonds are special limited obligations of the Authority payable from and secured by revenues, consisting primarily of lease payments to be made by the City to the Authority (the "Lease Payments") pursuant to a Lease Agreement dated as of June 1, 2004 (the "Lease") by and between the Authority, as lessor, and the City, as lessee. Lease Payments are to be made by the City for the right to use and occupy the Property, consisting of New Parking Projects and an existing parking facility of the City, and the sites on which such parking facilities are located.

Leased Premises

Edmund S. Coy Parking Structure:

The structure is located in the vicinity of Harbor and Channel streets in Downtown Stockton. The six-story parking structure provides approximately 575 parking spaces to the Central Business District to accommodate parking for existing retail, commercial and office development. The structure has approximately 7,500 square feet of ground level commercial/retail fronting Harbor Street. The structure was constructed using a single threaded helix design. The total cost of construction was originally estimated at $9,540,000, with all such amount being provided by proceeds of the Bonds.

Stockton Events Center Parking Structure

The structure is located in the vicinity of Fremont and Van Buren streets in Downtown Stockton. The seven-story parking structure provides approximately 600 parking spaces on the North shore of the Stockton Channel to accommodate sports fans, concert goers and event attendees. The structure has approximately 7,500 square feet of ground level commercial/retail fronting Fremont Street. The structure was constructed using a single threaded helix design. The total cost of construction was originally estimated at $9,595,000, with all such amount being provided by proceeds of the Bonds.

Market Street Garage

The structure is located within the City's Central Parking District on Market Street between Sutter and California streets and was constructed in 1989. The four-story parking structure provides approximately 780 parking spaces and provides both monthly parking for employees of Downtown businesses and hourly parking for patrons of Downtown businesses. The structure also houses the Central Parking District management offices.

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Remaining Debt Service on the Current Obligation

Stockton Public Finance Authority
Lease Revenue Bonds, Series 2004
(Parking and Capital Projects)
Gross Debt Service Schedule (Current Obligation)

Date	Beginning Principal	Principal	Rate	Interest	Periodic Debt Service	Bond Year Debt Service	Fiscal Year Debt Service	Fiscal Year	Ending Principal
9/1/2012	31,640,000	360,000	4.000	803,658.13	1,163,658.13	1,163,658.13			31,280,000
3/1/2013	31,280,000			796,458.13	796,458.13		1,960,116.25	2013	31,280,000
9/1/2013	31,280,000	410,000	4.000	796,458.13	1,206,458.13	2,002,916.25			30,870,000
3/1/2014	30,870,000			788,258.13	788,258.13		1,994,716.25	2014	30,870,000
9/1/2014	30,870,000	470,000	4.250	788,258.13	1,258,258.13	2,046,516.25			30,400,000
3/1/2015	30,400,000			778,270.63	778,270.63		2,036,528.75	2015	30,400,000
9/1/2015	30,400,000	530,000	4.250	778,270.63	1,308,270.63	2,086,541.25			29,870,000
3/1/2016	29,870,000			767,008.13	767,008.13		2,075,278.75	2016	29,870,000
9/1/2016	29,870,000	600,000	4.500	767,008.13	1,367,008.13	2,134,016.25			29,270,000
3/1/2017	29,270,000			753,508.13	753,508.13		2,120,516.25	2017	29,270,000
9/1/2017	29,270,000	670,000	4.500	753,508.13	1,423,508.13	2,177,016.25			28,600,000
3/1/2018	28,600,000			738,433.13	738,433.13		2,161,941.25	2018	28,600,000
9/1/2018	28,600,000	745,000	4.700	738,433.13	1,483,433.13	2,221,866.25			27,855,000
3/1/2019	27,855,000			720,925.63	720,925.63		2,204,358.75	2019	27,855,000
9/1/2019	27,855,000	825,000	4.750	720,925.63	1,545,925.63	2,266,851.25			27,030,000
3/1/2020	27,030,000			701,331.88	701,331.88		2,247,257.50	2020	27,030,000
9/1/2020	27,030,000	915,000	4.800	701,331.88	1,616,331.88	2,317,663.75			26,115,000
3/1/2021	26,115,000			679,371.88	679,371.88		2,295,703.75	2021	26,115,000
9/1/2021	26,115,000	1,010,000	5.375	679,371.88	1,689,371.88	2,368,743.75			25,105,000
3/1/2022	25,105,000			652,228.13	652,228.13		2,341,600.00	2022	25,105,000
9/1/2022	25,105,000	1,110,000	5.250	652,228.13	1,762,228.13	2,414,456.25			23,995,000
3/1/2023	23,995,000			623,090.63	623,090.63		2,385,318.75	2023	23,995,000
9/1/2023	23,995,000	1,220,000	5.250	623,090.63	1,843,090.63	2,466,181.25			22,775,000
3/1/2024	22,775,000			591,065.63	591,065.63		2,434,156.25	2024	22,775,000
9/1/2024	22,775,000	1,335,000	5.250	591,065.63	1,926,065.63	2,517,131.25			21,440,000
3/1/2025	21,440,000			556,021.88	556,021.88		2,482,087.50	2025	21,440,000
9/1/2025	21,440,000	1,460,000	5.125	556,021.88	2,016,021.88	2,572,043.75			19,980,000
3/1/2026	19,980,000			518,609.38	518,609.38		2,534,631.25	2026	19,980,000
9/1/2026	19,980,000	1,585,000	5.125	518,609.38	2,103,609.38	2,622,218.75			18,395,000
3/1/2027	18,395,000			477,993.75	477,993.75		2,581,603.13	2027	18,395,000
9/1/2027	18,395,000	1,725,000	5.125	477,993.75	2,202,993.75	2,680,987.50			16,670,000
3/1/2028	16,670,000			433,790.63	433,790.63		2,636,784.38	2028	16,670,000
9/1/2028	16,670,000	1,870,000	5.125	433,790.63	2,303,790.63	2,737,581.25			14,800,000
3/1/2029	14,800,000			385,871.88	385,871.88		2,689,662.50	2029	14,800,000
9/1/2029	14,800,000	2,020,000	5.125	385,871.88	2,405,871.88	2,791,743.75			12,780,000
3/1/2030	12,780,000			334,109.38	334,109.38		2,739,981.25	2030	12,780,000
9/1/2030	12,780,000	2,185,000	5.125	334,109.38	2,519,109.38	2,853,218.75			10,595,000
3/1/2031	10,595,000			278,118.75	278,118.75		2,797,228.13	2031	10,595,000
9/1/2031	10,595,000	2,360,000	5.250	278,118.75	2,638,118.75	2,916,237.50			8,235,000
3/1/2032	8,235,000			216,168.75	216,168.75		2,854,287.50	2032	8,235,000
9/1/2032	8,235,000	2,545,000	5.250	216,168.75	2,761,168.75	2,977,337.50			5,690,000
3/1/2033	5,690,000			149,362.50	149,362.50		2,910,531.25	2033	5,690,000
9/1/2033	5,690,000	2,740,000	5.250	149,362.50	2,889,362.50	3,038,725.00			2,950,000
3/1/2034	2,950,000			77,437.50	77,437.50		2,966,800.00	2034	2,950,000
9/1/2034	2,950,000	2,950,000	5.250	77,437.50	3,027,437.50	3,104,875.00			-
3/1/2049	-						-	2049	-
Totals		31,640,000		24,838,526.88	56,478,526.88	56,478,526.88	56,478,526.88		

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2004 RDA Arena Proposal (NPFG)

Redevelopment Agency of the City of Stockton Revenue Bonds, Series 2004 (Events Center – Arena Project)	
Original Amount:	**$47,000,000**
Remaining Amount:	**$45,590,000**
Issued:	**March 16, 2004**
Final Maturity:	**September 1, 2036**
Insurer:	**NPFG (FGIC)**
Trustee:	**Wells Fargo Bank, N.A.**
Reserve Fund:	**Cash** **$3,883,479.10 Requirement**
Optional Prepayment:	**September 1, 2014 @ 100%**
Leased Premises:	**Stockton Events Center and Arena**

Executive Summary

The City of Stockton is not seeking debt service relief for this obligation. The City currently expects that the tax revenue from the Waterfront Project Area of the former redevelopment agency will be sufficient to pay this obligation in full as originally scheduled; however, that expectation relies on certain growth assumptions and cannot be guaranteed The City is seeking to continue the payment of debt service from this available revenue. However, the City is seeking to eliminate the backstop of the General Fund in support of the obligation.

Lease Payments

The bonds are limited obligations of the Agency payable from and secured by revenues consisting primarily of (i) lease payments to be made by the City to the Agency (the "Lease Payments") pursuant to a Lease Agreement dated as of March 1, 2004 (the "Lease") by and between the Agency, as lessor, and the City, as lessee and (ii) Pledge Payments to be made by the Agency from Tax Revenues derived from the Project Area, pursuant to a Pledge Agreement dated as of March 1, 2004 (the "Pledge Agreement")

by and between the Agency and the City. Lease Payments are to be made by the City for the right to use and occupy the Project and the site on which the Project is located and together with the Project.

Leased Premises

The Leased Premises are an indoor arena ('the Arena") with a seating capacity of approximately 10,000. It is part of the Stockton Events Center (the "Events Center") project which also includes a baseball stadium with a seating capacity of approximately 5,000, an approximately 150-unit hotel complex, and approximately 60,000 square feet of retail/commercial space. The Events Center, including the Arena, is located in downtown Stockton on approximately twenty-four acres immediately north of and adjacent to the Stockton Channel and within the Waterfront Project Area. The project currently operates at a net loss before debt service and requires a significant General Fund subsidy just to remain in operation.

Internal Source of Repayment

As additional security for the Bonds, the Agency and the City entered into a Pledge Agreement pursuant to which the Agency will agree to make the Pledge Payments to the Trustee from Tax Revenues derived from the Project Area under and pursuant to Article 6 of Chapter 6 of Part 1 of Division 24 of the California Health and Safety Code. The Agency's obligation to make payments under the Pledge Agreement is secured by a pledge of and a first lien on the Tax Revenues. To the extent Pledge Payments are applied to pay debt service on the Bonds, there will be a corresponding reduction in the Lease Payments.

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Remaining Debt Service on the Current Obligation

Redevelopment Agency of the City of Stockton
Revenue Bonds, Series 2004
(Stockton Events Center - Arena Project)
Gross Debt Service Schedule (Current Obligation)

Date	Beginning Principal	Principal	Rate	Interest	Periodic Debt Service	Bond Year Debt Service	Fiscal Year Debt Service	Fiscal Year	Ending Principal
3/1/2013	45,135,000			1,054,573.13	1,054,573.13		1,054,573.13	2013	45,135,000
9/1/2013	45,135,000	520,000	3.000	1,054,573.13	1,574,573.13	2,629,146.25			44,615,000
3/1/2014	44,615,000			1,046,773.13	1,046,773.13		2,621,346.25	2014	44,615,000
9/1/2014	44,615,000	590,000	3.500	1,046,773.13	1,636,773.13	2,683,546.25			44,025,000
3/1/2015	44,025,000			1,036,448.13	1,036,448.13		2,673,221.25	2015	44,025,000
9/1/2015	44,025,000	665,000	3.375	1,036,448.13	1,701,448.13	2,737,896.25			43,360,000
3/1/2016	43,360,000			1,025,226.25	1,025,226.25		2,726,674.38	2016	43,360,000
9/1/2016	43,360,000	745,000	3.750	1,025,226.25	1,770,226.25	2,795,452.50			42,615,000
3/1/2017	42,615,000			1,011,257.50	1,011,257.50		2,781,483.75	2017	42,615,000
9/1/2017	42,615,000	830,000	3.600	1,011,257.50	1,841,257.50	2,852,515.00			41,785,000
3/1/2018	41,785,000			996,317.50	996,317.50		2,837,575.00	2018	41,785,000
9/1/2018	41,785,000	920,000	3.700	996,317.50	1,916,317.50	2,912,635.00			40,865,000
3/1/2019	40,865,000			979,297.50	979,297.50		2,895,615.00	2019	40,865,000
9/1/2019	40,865,000	1,015,000	3.800	979,297.50	1,994,297.50	2,973,595.00			39,850,000
3/1/2020	39,850,000			960,012.50	960,012.50		2,954,310.00	2020	39,850,000
9/1/2020	39,850,000	1,115,000	4.000	960,012.50	2,075,012.50	3,035,025.00			38,735,000
3/1/2021	38,735,000			937,712.50	937,712.50		3,012,725.00	2021	38,735,000
9/1/2021	38,735,000	1,220,000	4.000	937,712.50	2,157,712.50	3,095,425.00			37,515,000
3/1/2022	37,515,000			913,312.50	913,312.50		3,071,025.00	2022	37,515,000
9/1/2022	37,515,000	1,335,000	4.125	913,312.50	2,248,312.50	3,161,625.00			36,180,000
3/1/2023	36,180,000			885,778.13	885,778.13		3,134,090.63	2023	36,180,000
9/1/2023	36,180,000	1,455,000	4.125	885,778.13	2,340,778.13	3,226,556.25			34,725,000
3/1/2024	34,725,000			855,768.75	855,768.75		3,196,546.88	2024	34,725,000
9/1/2024	34,725,000	1,580,000	4.250	855,768.75	2,435,768.75	3,291,537.50			33,145,000
3/1/2025	33,145,000			822,193.75	822,193.75		3,257,962.50	2025	33,145,000
9/1/2025	33,145,000	1,715,000	4.250	822,193.75	2,537,193.75	3,359,387.50			31,430,000
3/1/2026	31,430,000			785,750.00	785,750.00		3,322,943.75	2026	31,430,000
9/1/2026	31,430,000	1,865,000	5.000	785,750.00	2,650,750.00	3,436,500.00			29,565,000
3/1/2027	29,565,000			739,125.00	739,125.00		3,389,875.00	2027	29,565,000
9/1/2027	29,565,000	2,030,000	5.000	739,125.00	2,769,125.00	3,508,250.00			27,535,000
3/1/2028	27,535,000			688,375.00	688,375.00		3,457,500.00	2028	27,535,000
9/1/2028	27,535,000	2,205,000	5.000	688,375.00	2,893,375.00	3,581,750.00			25,330,000
3/1/2029	25,330,000			633,250.00	633,250.00		3,526,625.00	2029	25,330,000
9/1/2029	25,330,000	2,395,000	5.000	633,250.00	3,028,250.00	3,661,500.00			22,935,000
3/1/2030	22,935,000			573,375.00	573,375.00		3,601,625.00	2030	22,935,000
9/1/2030	22,935,000	2,590,000	5.000	573,375.00	3,163,375.00	3,736,750.00			20,345,000
3/1/2031	20,345,000			508,625.00	508,625.00		3,672,000.00	2031	20,345,000
9/1/2031	20,345,000	2,795,000	5.000	508,625.00	3,303,625.00	3,812,250.00			17,550,000
3/1/2032	17,550,000			438,750.00	438,750.00		3,742,375.00	2032	17,550,000
9/1/2032	17,550,000	3,015,000	5.000	438,750.00	3,453,750.00	3,892,500.00			14,535,000
3/1/2033	14,535,000			363,375.00	363,375.00		3,817,125.00	2033	14,535,000
9/1/2033	14,535,000	3,250,000	5.000	363,375.00	3,613,375.00	3,976,750.00			11,285,000
3/1/2034	11,285,000			282,125.00	282,125.00		3,895,500.00	2034	11,285,000
9/1/2034	11,285,000	3,495,000	5.000	282,125.00	3,777,125.00	4,059,250.00			7,790,000
3/1/2035	7,790,000			194,750.00	194,750.00		3,971,875.00	2035	7,790,000
9/1/2035	7,790,000	3,755,000	5.000	194,750.00	3,949,750.00	4,144,500.00			4,035,000
3/1/2036	4,035,000			100,875.00	100,875.00		4,050,625.00	2036	4,035,000
9/1/2036	4,035,000	4,035,000	5.000	100,875.00	4,135,875.00	4,236,750.00			-
3/1/2037	-			-	-		4,135,875.00	2037	-
Totals		**45,135,000**		**35,666,092.50**	**80,801,092.50**	**80,801,092.50**	**80,801,092.50**		

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2006 LRBs–ESB Proposal (NPFG)

Stockton Public Financing Authority 2006 Lease Revenue Refunding Bonds, Series A	
Original Amount:	**$13,965,000**
Remaining Amount:	**$12,085,000**
Issued:	**April 6, 2006**
Final Maturity:	**August 1, 2031**
Insurer:	**NPFG (MBIA)**
Trustee:	**Wells Fargo Bank, N.A.**
Reserve Fund:	**Surety**
Optional Prepayment:	**August 1, 2014 @ 100%**
Leased Premises:	**Essential Services Building** **Adjacent Parking Facility**

Executive Summary

The City of Stockton is seeking debt service relief for a period of five years beginning July 1, 2012 (FY12-13) through and including June 30, 2017 (FY16-17). In addition, the City is seeking to restructure the obligation which includes an additional five years of interest only (FY17-18 to FY21-22) and thirty years of full amortization thereafter (to FY51-52). The City is also seeking to eliminate the backstop of the General Fund in support of the restructured obligation and provide a pledge of parking district revenues and public facilities fees (PFFs) in its place.

Lease Payments

The 2006 Bonds are limited obligations of the Authority payable solely from the Revenues and other assets pledged under the Indenture. The term "Revenues" is defined in the Indenture to mean (i) all amounts received by the Authority or the Trustee pursuant to or with respect to the Lease Agreement, including, without limitation, all of the Lease Payments (including both timely and delinquent payments, any late charges, and whether paid from any source), but excluding any amounts payable as Miscellaneous Rent for reasonable out-of-pocket expenses of the Authority as described in the Lease

Agreement; and (ii) all interest, profits or other income derived from the investment of amounts in any fund or account established pursuant to the Indenture. As rental for the beneficial use and occupancy of the Leased Premises, the City covenants to pay Lease Payments to the Trustee. The Lease Payments, which are subject to abatement, are calculated to be sufficient to pay principal of and interest on the 2006 Bonds when due. In the Indenture, the Authority transfers in trust, grants a security interest in and assigns to the Trustee for the benefit of the Owners of 2006 Bonds all of the Revenues and all of the rights, title and interest of the Authority in the Lease Agreement, other than its rights to receive certain fees, expenses, and indemnification under the Lease Agreement and in the Ground Lease.

Leased Premises

The Leased Premises consists of the Stewart/Eberhardt Building (the "Eberhardt Building") located at 22 East Weber Avenue and the adjacent public parking facility located at 15 North El Dorado Street in downtown Stockton.

Stewart/Eberhart Building

The Eberhardt Building is a four-story, 99,792 square foot, steel and precast concrete clad office building, constructed in 2001. It was designed to meet and is certified as an Essential Services Building, as defined in the Essential Services Buildings Seismic Safety Act of 1986, commencing with Section 16000 of the State Health and Safety Code.

Parking Facility

The public parking facility is a 284,423 square foot, eight-level, reinforced masonry and cast-inplace concrete structure with approximately 780 parking spaces. Constructed in 2001, it also includes approximately 7,000 square feet for police department property storage and a "sally port" exclusively for police functions on the ground floor.

Internal Sources of Repayment

The City makes lease payments from two different sources. Approximately 85% of the obligation is paid from the parking fund and approximately 15% is paid from public facilities fees ("PFFs"). The Central Parking District also maintains surface parking and parking meters throughout the Central Business District and levies a special tax pursuant to the Mello-Roos Community Facilities District Act of 1982. In addition, the City utilizes PFFs from the Fund 960 – Police Stations – to pay approximately 15% of this obligation. Currently there is no cash in Fund 960, and PFF revenues have dropped significantly since levels of development have declined to almost zero.

However, under the existing documents, neither of these revenues is pledged as security for the bonds. The City's proposal is to pledge only these revenue streams to repayment of the restructured obligation and remove the backstop of the General Fund.

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Remaining Debt Service on the Current Obligation

Stockton Public Finance Authority
2006 Lease Revenue Refunding Bonds
Series A
Gross Debt Service Schedule (Current Obligation)

Date	Beginning Principal	Principal	Rate	Interest	Periodic Debt Service	Bond Year Debt Service	Fiscal Year Debt Service	Fiscal Year	Ending Principal
8/1/2012	12,085,000	400,000	4.000	257,746.88	657,746.88	657,746.88			11,685,000
2/1/2013	11,685,000			249,746.88	249,746.88		907,493.75	2013	11,685,000
8/1/2013	11,685,000	415,000	4.000	249,746.88	664,746.88	914,493.75			11,270,000
2/1/2014	11,270,000			241,446.88	241,446.88		906,193.75	2014	11,270,000
8/1/2014	11,270,000	435,000	4.000	241,446.88	676,446.88	917,893.75			10,835,000
2/1/2015	10,835,000			232,746.88	232,746.88		909,193.75	2015	10,835,000
8/1/2015	10,835,000	450,000	4.000	232,746.88	682,746.88	915,493.75			10,385,000
2/1/2016	10,385,000			223,746.88	223,746.88		906,493.75	2016	10,385,000
8/1/2016	10,385,000	470,000	4.000	223,746.88	693,746.88	917,493.75			9,915,000
2/1/2017	9,915,000			214,346.88	214,346.88		908,093.75	2017	9,915,000
8/1/2017	9,915,000	490,000	4.000	214,346.88	704,346.88	918,693.75			9,425,000
2/1/2018	9,425,000			204,546.88	204,546.88		908,893.75	2018	9,425,000
8/1/2018	9,425,000	510,000	4.000	204,546.88	714,546.88	919,093.75			8,915,000
2/1/2019	8,915,000			194,346.88	194,346.88		908,893.75	2019	8,915,000
8/1/2019	8,915,000	530,000	4.000	194,346.88	724,346.88	918,693.75			8,385,000
2/1/2020	8,385,000			183,746.88	183,746.88		908,093.75	2020	8,385,000
8/1/2020	8,385,000	550,000	4.100	183,746.88	733,746.88	917,493.75			7,835,000
2/1/2021	7,835,000			172,471.88	172,471.88		906,218.75	2021	7,835,000
8/1/2021	7,835,000	570,000	4.125	172,471.88	742,471.88	914,943.75			7,265,000
2/1/2022	7,265,000			160,715.63	160,715.63		903,187.50	2022	7,265,000
8/1/2022	7,265,000	595,000	4.250	160,715.63	755,715.63	916,431.25			6,670,000
2/1/2023	6,670,000			148,071.88	148,071.88		903,787.50	2023	6,670,000
8/1/2023	6,670,000	620,000	4.250	148,071.88	768,071.88	916,143.75			6,050,000
2/1/2024	6,050,000			134,896.88	134,896.88		902,968.75	2024	6,050,000
8/1/2024	6,050,000	645,000	4.250	134,896.88	779,896.88	914,793.75			5,405,000
2/1/2025	5,405,000			121,190.63	121,190.63		901,087.50	2025	5,405,000
8/1/2025	5,405,000	675,000	4.375	121,190.63	796,190.63	917,381.25			4,730,000
2/1/2026	4,730,000			106,425.00	106,425.00		902,615.63	2026	4,730,000
8/1/2026	4,730,000	705,000	4.500	106,425.00	811,425.00	917,850.00			4,025,000
2/1/2027	4,025,000			90,562.50	90,562.50		901,987.50	2027	4,025,000
8/1/2027	4,025,000	735,000	4.500	90,562.50	825,562.50	916,125.00			3,290,000
2/1/2028	3,290,000			74,025.00	74,025.00		899,587.50	2028	3,290,000
8/1/2028	3,290,000	770,000	4.500	74,025.00	844,025.00	918,050.00			2,520,000
2/1/2029	2,520,000			56,700.00	56,700.00		900,725.00	2029	2,520,000
8/1/2029	2,520,000	805,000	4.500	56,700.00	861,700.00	918,400.00			1,715,000
2/1/2030	1,715,000			38,587.50	38,587.50		900,287.50	2030	1,715,000
8/1/2030	1,715,000	840,000	4.500	38,587.50	878,587.50	917,175.00			875,000
2/1/2031	875,000			19,687.50	19,687.50		898,275.00	2031	875,000
8/1/2031	875,000	875,000	4.500	19,687.50	894,687.50	914,375.00			-
2/1/2032	-			-	-		894,687.50	2032	-
Totals		12,085,000		5,993,765.63	18,078,765.63	18,078,765.63	18,078,765.63		

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Calculation of the Size of the Restructured Obligation

Stockton Public Finance Authority
2006 Lease Revenue Refunding Bonds
Series A

Calculation of Proposed Size of Restructured Obligation

Total Projected Unpaid Principal and Interest (Includes Reserve Fund Draws):	4,537,468.75
Amount Unpaid 3/1/2012 (per City Council Action of 2/28/12)	-
Total Unpaid Amount	4,537,468.75
Remaining Unpaid Principal	11,685,000.00
Restructured Issue Size	16,222,468.75

			Reserve Fund (Surety)	919,393.76	
Fiscal Year	Fiscal Year Debt Service	Less: Projected Available Revenues	Remaining Fiscal Year Debt Service	Less: Draws Against Reserve Fund Policy	Remaining Unpaid General Fund Debt Service
2013	907,493.75	-	907,493.75	(907,493.75)	-
2014	906,193.75	-	906,193.75	(11,900.01)	894,293.74
2015	909,193.75	-	909,193.75	-	909,193.75
2016	906,493.75	-	906,493.75	-	906,493.75
2017	908,093.75	-	908,093.75	-	908,093.75
Totals	**4,537,468.75**	**-**	**4,537,468.75**	**(919,393.76)**	**3,618,074.99**

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Stockton Public Finance Authority
2006 Lease Revenue Refunding Bonds
Series A
Gross Debt Service Schedule (Restructured Obligation)

Date	Beginning Principal	Principal	Rate	Interest	Periodic Debt Service	Bond Year Debt Service	Fiscal Year Debt Service	Fiscal Year	Ending Principal
7/1/2012	16,225,000								16,225,000
8/1/2012	16,225,000								16,225,000
2/1/2013	16,225,000							2013	16,225,000
8/1/2013	16,225,000								16,225,000
2/1/2014	16,225,000							2014	16,225,000
8/1/2014	16,225,000								16,225,000
2/1/2015	16,225,000							2015	16,225,000
8/1/2015	16,225,000								16,225,000
2/1/2016	16,225,000							2016	16,225,000
8/1/2016	16,225,000								16,225,000
2/1/2017	16,225,000							2017	16,225,000
8/1/2017	16,225,000	-	-	202,812.50	202,812.50	202,812.50			16,225,000
2/1/2018	16,225,000			202,812.50	202,812.50		405,625.00	2018	16,225,000
8/1/2018	16,225,000	-	-	202,812.50	202,812.50	405,625.00			16,225,000
2/1/2019	16,225,000			202,812.50	202,812.50		405,625.00	2019	16,225,000
8/1/2019	16,225,000	-	-	202,812.50	202,812.50	405,625.00			16,225,000
2/1/2020	16,225,000			202,812.50	202,812.50		405,625.00	2020	16,225,000
8/1/2020	16,225,000	-	-	202,812.50	202,812.50	405,625.00			16,225,000
2/1/2021	16,225,000			202,812.50	202,812.50		405,625.00	2021	16,225,000
8/1/2021	16,225,000	-	-	202,812.50	202,812.50	405,625.00			16,225,000
2/1/2022	16,225,000			202,812.50	202,812.50		405,625.00	2022	16,225,000
8/1/2022	16,225,000	370,000	2.500	202,812.50	572,812.50	775,625.00			15,855,000
2/1/2023	15,855,000			198,187.50	198,187.50		771,000.00	2023	15,855,000
8/1/2023	15,855,000	375,000	2.500	198,187.50	573,187.50	771,375.00			15,480,000
2/1/2024	15,480,000			193,500.00	193,500.00		766,687.50	2024	15,480,000
8/1/2024	15,480,000	385,000	2.500	193,500.00	578,500.00	772,000.00			15,095,000
2/1/2025	15,095,000			188,687.50	188,687.50		767,187.50	2025	15,095,000
8/1/2025	15,095,000	395,000	2.500	188,687.50	583,687.50	772,375.00			14,700,000
2/1/2026	14,700,000			183,750.00	183,750.00		767,437.50	2026	14,700,000
8/1/2026	14,700,000	405,000	2.500	183,750.00	588,750.00	772,500.00			14,295,000
2/1/2027	14,295,000			178,687.50	178,687.50		767,437.50	2027	14,295,000
8/1/2027	14,295,000	415,000	2.500	178,687.50	593,687.50	772,375.00			13,880,000
2/1/2028	13,880,000			173,500.00	173,500.00		767,187.50	2028	13,880,000
8/1/2028	13,880,000	425,000	2.500	173,500.00	598,500.00	772,000.00			13,455,000
2/1/2029	13,455,000			168,187.50	168,187.50		766,687.50	2029	13,455,000
8/1/2029	13,455,000	440,000	2.500	168,187.50	608,187.50	776,375.00			13,015,000
2/1/2030	13,015,000			162,687.50	162,687.50		770,875.00	2030	13,015,000
8/1/2030	13,015,000	450,000	2.500	162,687.50	612,687.50	775,375.00			12,565,000
2/1/2031	12,565,000			157,062.50	157,062.50		769,750.00	2031	12,565,000
8/1/2031	12,565,000	460,000	2.500	157,062.50	617,062.50	774,125.00			12,105,000
2/1/2032	12,105,000			151,312.50	151,312.50		768,375.00	2032	12,105,000
8/1/2032	12,105,000	475,000	2.500	151,312.50	626,312.50	777,625.00			11,630,000
2/1/2033	11,630,000			145,375.00	145,375.00		771,687.50	2033	11,630,000
8/1/2033	11,630,000	485,000	2.500	145,375.00	630,375.00	775,750.00			11,145,000
2/1/2034	11,145,000			139,312.50	139,312.50		769,687.50	2034	11,145,000
8/1/2034	11,145,000	495,000	2.500	139,312.50	634,312.50	773,625.00			10,650,000
2/1/2035	10,650,000			133,125.00	133,125.00		767,437.50	2035	10,650,000
8/1/2035	10,650,000	510,000	2.500	133,125.00	643,125.00	776,250.00			10,140,000
2/1/2036	10,140,000			126,750.00	126,750.00		769,875.00	2036	10,140,000
8/1/2036	10,140,000	520,000	2.500	126,750.00	646,750.00	773,500.00			9,620,000
2/1/2037	9,620,000			120,250.00	120,250.00		767,000.00	2037	9,620,000
8/1/2037	9,620,000	535,000	2.500	120,250.00	655,250.00	775,500.00			9,085,000
2/1/2038	9,085,000			113,562.50	113,562.50		768,812.50	2038	9,085,000
8/1/2038	9,085,000	550,000	2.500	113,562.50	663,562.50	777,125.00			8,535,000
2/1/2039	8,535,000			106,687.50	106,687.50		770,250.00	2039	8,535,000
8/1/2039	8,535,000	565,000	2.500	106,687.50	671,687.50	778,375.00			7,970,000
2/1/2040	7,970,000			99,625.00	99,625.00		771,312.50	2040	7,970,000
8/1/2040	7,970,000	575,000	2.500	99,625.00	674,625.00	774,250.00			7,395,000
2/1/2041	7,395,000			92,437.50	92,437.50		767,062.50	2041	7,395,000
8/1/2041	7,395,000	590,000	2.500	92,437.50	682,437.50	774,875.00			6,805,000
2/1/2042	6,805,000			85,062.50	85,062.50		767,500.00	2042	6,805,000
8/1/2042	6,805,000	605,000	2.500	85,062.50	690,062.50	775,125.00			6,200,000
2/1/2043	6,200,000			77,500.00	77,500.00		767,562.50	2043	6,200,000
8/1/2043	6,200,000	620,000	2.500	77,500.00	697,500.00	775,000.00			5,580,000
2/1/2044	5,580,000			69,750.00	69,750.00		767,250.00	2044	5,580,000
8/1/2044	5,580,000	640,000	2.500	69,750.00	709,750.00	779,500.00			4,940,000
2/1/2045	4,940,000			61,750.00	61,750.00		771,500.00	2045	4,940,000
8/1/2045	4,940,000	655,000	2.500	61,750.00	716,750.00	778,500.00			4,285,000
2/1/2046	4,285,000			53,562.50	53,562.50		770,312.50	2046	4,285,000
8/1/2046	4,285,000	670,000	2.500	53,562.50	723,562.50	777,125.00			3,615,000
2/1/2047	3,615,000			45,187.50	45,187.50		768,750.00	2047	3,615,000
8/1/2047	3,615,000	685,000	2.500	45,187.50	730,187.50	775,375.00			2,930,000
2/1/2048	2,930,000			36,625.00	36,625.00		766,812.50	2048	2,930,000
8/1/2048	2,930,000	705,000	2.500	36,625.00	741,625.00	778,250.00			2,225,000
2/1/2049	2,225,000			27,812.50	27,812.50		769,437.50	2049	2,225,000
8/1/2049	2,225,000	725,000	2.500	27,812.50	752,812.50	780,625.00			1,500,000
2/1/2050	1,500,000			18,750.00	18,750.00		771,562.50	2050	1,500,000
8/1/2050	1,500,000	740,000	2.500	18,750.00	758,750.00	777,500.00			760,000
2/1/2051	760,000			9,500.00	9,500.00		768,250.00	2051	760,000
8/1/2051	760,000	760,000	2.500	9,500.00	769,500.00	779,000.00			-
2/1/2052	-			-	-		769,500.00	2052	-
Totals		**16,225,000**		**8,867,312.50**	**25,092,312.50**	**25,092,312.50**	**25,092,312.50**		

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Stockton Public Finance Authority
2006 Lease Revenue Refunding Bonds
Series A
Calculation of Payment Differential and Fiscal Impact

Date	Restructured Obligation	Current Obligation	Periodic Difference	Fiscal Year Difference	Fiscal Year
7/1/2012					
8/1/2012		657,746.88	(657,746.88)		
2/1/2013		249,746.88	(249,746.88)	(907,493.75)	2013
8/1/2013		664,746.88	(664,746.88)		
2/1/2014		241,446.88	(241,446.88)	(906,193.75)	2014
8/1/2014		676,446.88	(676,446.88)		
2/1/2015		232,746.88	(232,746.88)	(909,193.75)	2015
8/1/2015		682,746.88	(682,746.88)		
2/1/2016		223,746.88	(223,746.88)	(906,493.75)	2016
8/1/2016		693,746.88	(693,746.88)		
2/1/2017		214,346.88	(214,346.88)	(908,093.75)	2017
8/1/2017	202,812.50	704,346.88	(501,534.38)		
2/1/2018	202,812.50	204,546.88	(1,734.38)	(503,268.75)	2018
8/1/2018	202,812.50	714,546.88	(511,734.38)		
2/1/2019	202,812.50	194,346.88	8,465.63	(503,268.75)	2019
8/1/2019	202,812.50	724,346.88	(521,534.38)		
2/1/2020	202,812.50	183,746.88	19,065.63	(502,468.75)	2020
8/1/2020	202,812.50	733,746.88	(530,934.38)		
2/1/2021	202,812.50	172,471.88	30,340.63	(500,593.75)	2021
8/1/2021	202,812.50	742,471.88	(539,659.38)		
2/1/2022	202,812.50	160,715.63	42,096.88	(497,562.50)	2022
8/1/2022	572,812.50	755,715.63	(182,903.13)		
2/1/2023	198,187.50	148,071.88	50,115.63	(132,787.50)	2023
8/1/2023	573,187.50	768,071.88	(194,884.38)		
2/1/2024	193,500.00	134,896.88	58,603.13	(136,281.25)	2024
8/1/2024	578,500.00	779,896.88	(201,396.88)		
2/1/2025	188,687.50	121,190.63	67,496.88	(133,900.00)	2025
8/1/2025	583,687.50	796,190.63	(212,503.13)		
2/1/2026	183,750.00	106,425.00	77,325.00	(135,178.13)	2026
8/1/2026	588,750.00	811,425.00	(222,675.00)		
2/1/2027	178,687.50	90,562.50	88,125.00	(134,550.00)	2027
8/1/2027	593,687.50	825,562.50	(231,875.00)		
2/1/2028	173,500.00	74,025.00	99,475.00	(132,400.00)	2028
8/1/2028	598,500.00	844,025.00	(245,525.00)		
2/1/2029	168,187.50	56,700.00	111,487.50	(134,037.50)	2029
8/1/2029	608,187.50	861,700.00	(253,512.50)		
2/1/2030	162,687.50	38,587.50	124,100.00	(129,412.50)	2030
8/1/2030	612,687.50	878,587.50	(265,900.00)		
2/1/2031	157,062.50	19,687.50	137,375.00	(128,525.00)	2031
8/1/2031	617,062.50	894,687.50	(277,625.00)		
2/1/2032	151,312.50	-	151,312.50	(126,312.50)	2032
8/1/2032	626,312.50	-	626,312.50		
2/1/2033	145,375.00	-	145,375.00	771,687.50	2033
8/1/2033	630,375.00	-	630,375.00		
2/1/2034	139,312.50	-	139,312.50	769,687.50	2034
8/1/2034	634,312.50	-	634,312.50		
2/1/2035	133,125.00	-	133,125.00	767,437.50	2035
8/1/2035	643,125.00	-	643,125.00		
2/1/2036	126,750.00	-	126,750.00	769,875.00	2036
8/1/2036	646,750.00	-	646,750.00		
2/1/2037	120,250.00	-	120,250.00	767,000.00	2037
8/1/2037	655,250.00	-	655,250.00		
2/1/2038	113,562.50	-	113,562.50	768,812.50	2038
8/1/2038	663,562.50	-	663,562.50		
2/1/2039	106,687.50	-	106,687.50	770,250.00	2039
8/1/2039	671,687.50	-	671,687.50		
2/1/2040	99,625.00	-	99,625.00	771,312.50	2040
8/1/2040	674,625.00	-	674,625.00		
2/1/2041	92,437.50	-	92,437.50	767,062.50	2041
8/1/2041	682,437.50	-	682,437.50		
2/1/2042	85,062.50	-	85,062.50	767,500.00	2042
8/1/2042	690,062.50	-	690,062.50		
2/1/2043	77,500.00	-	77,500.00	767,562.50	2043
8/1/2043	697,500.00	-	697,500.00		
2/1/2044	69,750.00	-	69,750.00	767,250.00	2044
8/1/2044	709,750.00	-	709,750.00		
2/1/2045	61,750.00	-	61,750.00	771,500.00	2045
8/1/2045	716,750.00	-	716,750.00		
2/1/2046	53,562.50	-	53,562.50	770,312.50	2046
8/1/2046	723,562.50	-	723,562.50		
2/1/2047	45,187.50	-	45,187.50	768,750.00	2047
8/1/2047	730,187.50	-	730,187.50		
2/1/2048	36,625.00	-	36,625.00	766,812.50	2048
8/1/2048	741,625.00	-	741,625.00		
2/1/2049	27,812.50	-	27,812.50	769,437.50	2049
8/1/2049	752,812.50	-	752,812.50		
2/1/2050	18,750.00	-	18,750.00	771,562.50	2050
8/1/2050	758,750.00	-	758,750.00		
2/1/2051	9,500.00	-	9,500.00	768,250.00	2051
8/1/2051	769,500.00	-	769,500.00		
2/1/2052	-	-	-	769,500.00	2052
	25,092,312.50	**18,078,765.63**	**7,013,546.88**	**7,013,546.88**	

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2007 POBs Proposal (Assured Guaranty)

City of Stockton 2007 Taxable Pension Obligation Bonds Series A and Series B	
Original Amount:	**$125,310,000**
Remaining Amount:	**$124,280,000 ($95,955,000 Ser A) ($28,325,000 Ser B)**
Issued:	**April 5, 2007**
Final Maturity:	**September 1, 2037**
Insurer:	**AGM (FSA)**
Trustee:	**Wells Fargo Bank, N.A.**
Reserve Fund:	**Not Applicable**
Optional Prepayment:	**Series A Any Date at greater of Make Whole or Par Series B September 1, 2017 @ 100%**
Leased Premises:	**Not Applicable**

Executive Summary

This is an unsecured obligation, and the City does not intend to pay debt service moving forward except on the portion being paid from other than General Fund sources. It is anticipated that payments from other than General Fund sources will continue until September 1, 2037 (the final maturity of the Bonds). However, the City is seeking to eliminate completely the General Fund share of the obligation.

Security and Sources of Payment

The obligation of the City to pay the principal and interest on the Series 2007 Bonds when due is an unsecured obligation of the City, and payment of principal of and interest on the Series 2007 Bonds is not limited to or secured by any special source of funds. Pursuant to the Indenture, the City is obligated to deposit with the Trustee for payment of debt service on the Series 2007 Bonds for the current Fiscal Year no later than August 15 of each year commencing August 15, 2007. The deposit for Fiscal year 2011-12 was made in full on or before August 15, 2011. There is no reserve fund for the Series 2007 Bonds

Internal Sources of Repayment

The City internally allocates debt service payments on the Bonds from various funds of the City based on the allocation of the pension costs for City employees to those funds, however, there is no legal commitment of these funds nor is there any security interest in any collateral of any kind. Approximately 82.62% of the obligation is currently paid from the General Fund and approximately 17.38% is paid from restricted fund sources. The City's proposal is to continue only the payment from solvent restricted fund sources and to discontinue payments from the General Fund.

Remaining Debt Service on the Current Obligation (see following tables)

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Combined Series

City of Stockton
2007 Taxable Pension Obligation Bonds
Series A and Series B
Gross Debt Service Schedule (Current Obligation - Combined Series)

Date	Beginning Principal	Principal	Rate	Interest	Periodic Debt Service	Bond Year Debt Service	Fiscal Year Debt Service	Fiscal Year	Ending Principal
9/1/2012	124,280,000	930,000	N/A	3,403,225.25	4,333,225.25	4,333,225.25			123,350,000
3/1/2013	123,350,000			3,379,324.25	3,379,324.25		7,712,549.50	2013	123,350,000
9/1/2013	123,350,000	1,580,000	N/A	3,379,324.25	4,959,324.25	8,338,648.50			121,770,000
3/1/2014	121,770,000			3,338,718.25	3,338,718.25		8,298,042.50	2014	121,770,000
9/1/2014	121,770,000	1,800,000	N/A	3,338,718.25	5,138,718.25	8,477,436.50			119,970,000
3/1/2015	119,970,000			3,292,458.25	3,292,458.25		8,431,176.50	2015	119,970,000
9/1/2015	119,970,000	2,035,000	N/A	3,292,458.25	5,327,458.25	8,619,916.50			117,935,000
3/1/2016	117,935,000			3,240,158.75	3,240,158.75		8,567,617.00	2016	117,935,000
9/1/2016	117,935,000	2,280,000	N/A	3,240,158.75	5,520,158.75	8,760,317.50			115,655,000
3/1/2017	115,655,000			3,181,562.75	3,181,562.75		8,701,721.50	2017	115,655,000
9/1/2017	115,655,000	2,545,000	N/A	3,181,562.75	5,726,562.75	8,908,125.50			113,110,000
3/1/2018	113,110,000			3,116,156.25	3,116,156.25		8,842,719.00	2018	113,110,000
9/1/2018	113,110,000	2,830,000	N/A	3,116,156.25	5,946,156.25	9,062,312.50			110,280,000
3/1/2019	110,280,000			3,039,133.25	3,039,133.25		8,985,289.50	2019	110,280,000
9/1/2019	110,280,000	3,135,000	N/A	3,039,133.25	6,174,133.25	9,213,266.50			107,145,000
3/1/2020	107,145,000			2,953,812.38	2,953,812.38		9,127,945.63	2020	107,145,000
9/1/2020	107,145,000	3,460,000	N/A	2,953,812.38	6,413,812.38	9,367,624.75			103,685,000
3/1/2021	103,685,000			2,859,657.13	2,859,657.13		9,273,469.50	2021	103,685,000
9/1/2021	103,685,000	3,800,000	N/A	2,859,657.13	6,659,657.13	9,519,314.25			99,885,000
3/1/2022	99,885,000			2,756,249.63	2,756,249.63		9,415,906.75	2022	99,885,000
9/1/2022	99,885,000	4,170,000	N/A	2,756,249.63	6,926,249.63	9,682,499.25			95,715,000
3/1/2023	95,715,000			2,642,769.63	2,642,769.63		9,569,019.25	2023	95,715,000
9/1/2023	95,715,000	4,560,000	N/A	2,642,769.63	7,202,769.63	9,845,539.25			91,155,000
3/1/2024	91,155,000			2,518,680.63	2,518,680.63		9,721,450.25	2024	91,155,000
9/1/2024	91,155,000	4,970,000	N/A	2,518,680.63	7,488,680.63	10,007,361.25			86,185,000
3/1/2025	86,185,000			2,383,430.63	2,383,430.63		9,872,111.25	2025	86,185,000
9/1/2025	86,185,000	3,795,000	N/A	2,383,430.63	6,178,430.63	8,561,861.25			82,390,000
3/1/2026	82,390,000			2,280,157.25	2,280,157.25		8,458,587.88	2026	82,390,000
9/1/2026	82,390,000	4,290,000	N/A	2,280,157.25	6,570,157.25	8,850,314.50			78,100,000
3/1/2027	78,100,000			2,163,404.00	2,163,404.00		8,733,561.25	2027	78,100,000
9/1/2027	78,100,000	4,650,000	N/A	2,163,404.00	6,813,404.00	8,976,808.00			73,450,000
3/1/2028	73,450,000			2,034,594.75	2,034,594.75		8,847,998.75	2028	73,450,000
9/1/2028	73,450,000	5,040,000	N/A	2,034,594.75	7,074,594.75	9,109,189.50			68,410,000
3/1/2029	68,410,000			1,894,986.75	1,894,986.75		8,969,581.50	2029	68,410,000
9/1/2029	68,410,000	5,445,000	N/A	1,894,986.75	7,339,986.75	9,234,973.50			62,965,000
3/1/2030	62,965,000			1,744,153.88	1,744,153.88		9,084,140.63	2030	62,965,000
9/1/2030	62,965,000	5,875,000	N/A	1,744,153.88	7,619,153.88	9,363,307.75			57,090,000
3/1/2031	57,090,000			1,581,414.25	1,581,414.25		9,200,568.13	2031	57,090,000
9/1/2031	57,090,000	6,335,000	N/A	1,581,414.25	7,916,414.25	9,497,828.50			50,755,000
3/1/2032	50,755,000			1,405,932.63	1,405,932.63		9,322,346.88	2032	50,755,000
9/1/2032	50,755,000	6,820,000	N/A	1,405,932.63	8,225,932.63	9,631,865.25			43,935,000
3/1/2033	43,935,000			1,217,018.63	1,217,018.63		9,442,951.25	2033	43,935,000
9/1/2033	43,935,000	7,335,000	N/A	1,217,018.63	8,552,018.63	9,769,037.25			36,600,000
3/1/2034	36,600,000			1,013,828.50	1,013,828.50		9,565,847.13	2034	36,600,000
9/1/2034	36,600,000	7,880,000	N/A	1,013,828.50	8,893,828.50	9,907,657.00			28,720,000
3/1/2035	28,720,000			795,552.50	795,552.50		9,689,381.00	2035	28,720,000
9/1/2035	28,720,000	8,455,000	N/A	795,552.50	9,250,552.50	10,046,105.00			20,265,000
3/1/2036	20,265,000			561,346.88	561,346.88		9,811,899.38	2036	20,265,000
9/1/2036	20,265,000	9,065,000	N/A	561,346.88	9,626,346.88	10,187,693.75			11,200,000
3/1/2037	11,200,000			310,240.00	310,240.00		9,936,586.88	2037	11,200,000
9/1/2037	11,200,000	11,200,000	N/A	310,240.00	11,510,240.00	11,820,480.00			-
3/1/2038	-			-	-		11,510,240.00	2038	-
Totals		**124,280,000**		**114,812,708.75**	**239,092,708.75**	**239,092,708.75**	**239,092,708.75**		

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Series A

City of Stockton
2007 Taxable Pension Obligation Bonds
Series A
Gross Debt Service Schedule (Current Obligation - Series A)

Date	Beginning Principal	Principal	Rate	Interest	Periodic Debt Service	Bond Year Debt Service	Fiscal Year Debt Service	Fiscal Year	Ending Principal
9/1/2012	95,955,000	930,000	5.140	2,587,776.38	3,517,776.38	3,517,776.38			95,025,000
3/1/2013	95,025,000			2,563,875.38	2,563,875.38		6,081,651.75	2013	95,025,000
9/1/2013	95,025,000	1,580,000	5.140	2,563,875.38	4,143,875.38	6,707,750.75			93,445,000
3/1/2014	93,445,000			2,523,269.38	2,523,269.38		6,667,144.75	2014	93,445,000
9/1/2014	93,445,000	1,800,000	5.140	2,523,269.38	4,323,269.38	6,846,538.75			91,645,000
3/1/2015	91,645,000			2,477,009.38	2,477,009.38		6,800,278.75	2015	91,645,000
9/1/2015	91,645,000	2,035,000	5.140	2,477,009.38	4,512,009.38	6,989,018.75			89,610,000
3/1/2016	89,610,000			2,424,709.88	2,424,709.88		6,936,719.25	2016	89,610,000
9/1/2016	89,610,000	2,280,000	5.140	2,424,709.88	4,704,709.88	7,129,419.75			87,330,000
3/1/2017	87,330,000			2,366,113.88	2,366,113.88		7,070,823.75	2017	87,330,000
9/1/2017	87,330,000	2,545,000	5.140	2,366,113.88	4,911,113.88	7,277,227.75			84,785,000
3/1/2018	84,785,000			2,300,707.38	2,300,707.38		7,211,821.25	2018	84,785,000
9/1/2018	84,785,000	2,115,000	5.365	2,300,707.38	4,415,707.38	6,716,414.75			82,670,000
3/1/2019	82,670,000			2,243,972.50	2,243,972.50		6,659,679.88	2019	82,670,000
9/1/2019	82,670,000	2,345,000	5.365	2,243,972.50	4,588,972.50	6,832,945.00			80,325,000
3/1/2020	80,325,000			2,181,067.88	2,181,067.88		6,770,040.38	2020	80,325,000
9/1/2020	80,325,000	2,595,000	5.365	2,181,067.88	4,776,067.88	6,957,135.75			77,730,000
3/1/2021	77,730,000			2,111,457.00	2,111,457.00		6,887,524.88	2021	77,730,000
9/1/2021	77,730,000	2,850,000	5.365	2,111,457.00	4,961,457.00	7,072,914.00			74,880,000
3/1/2022	74,880,000			2,035,005.75	2,035,005.75		6,996,462.75	2022	74,880,000
9/1/2022	74,880,000	3,125,000	5.365	2,035,005.75	5,160,005.75	7,195,011.50			71,755,000
3/1/2023	71,755,000			1,951,177.63	1,951,177.63		7,111,183.38	2023	71,755,000
9/1/2023	71,755,000	3,420,000	5.365	1,951,177.63	5,371,177.63	7,322,355.25			68,335,000
3/1/2024	68,335,000			1,859,436.13	1,859,436.13		7,230,613.75	2024	68,335,000
9/1/2024	68,335,000	3,725,000	5.365	1,859,436.13	5,584,436.13	7,443,872.25			64,610,000
3/1/2025	64,610,000			1,759,513.00	1,759,513.00		7,343,949.13	2025	64,610,000
9/1/2025	64,610,000	2,845,000	5.365	1,759,513.00	4,604,513.00	6,364,026.00			61,765,000
3/1/2026	61,765,000			1,683,195.88	1,683,195.88		6,287,708.88	2026	61,765,000
9/1/2026	61,765,000	3,210,000	5.365	1,683,195.88	4,893,195.88	6,576,391.75			58,555,000
3/1/2027	58,555,000			1,597,087.63	1,597,087.63		6,490,283.50	2027	58,555,000
9/1/2027	58,555,000	3,485,000	5.455	1,597,087.63	5,082,087.63	6,679,175.25			55,070,000
3/1/2028	55,070,000			1,502,034.25	1,502,034.25		6,584,121.88	2028	55,070,000
9/1/2028	55,070,000	3,780,000	5.455	1,502,034.25	5,282,034.25	6,784,068.50			51,290,000
3/1/2029	51,290,000			1,398,934.75	1,398,934.75		6,680,969.00	2029	51,290,000
9/1/2029	51,290,000	4,080,000	5.455	1,398,934.75	5,478,934.75	6,877,869.50			47,210,000
3/1/2030	47,210,000			1,287,652.75	1,287,652.75		6,766,587.50	2030	47,210,000
9/1/2030	47,210,000	4,405,000	5.455	1,287,652.75	5,692,652.75	6,980,305.50			42,805,000
3/1/2031	42,805,000			1,167,506.38	1,167,506.38		6,860,159.13	2031	42,805,000
9/1/2031	42,805,000	4,750,000	5.455	1,167,506.38	5,917,506.38	7,085,012.75			38,055,000
3/1/2032	38,055,000			1,037,950.13	1,037,950.13		6,955,456.50	2032	38,055,000
9/1/2032	38,055,000	5,115,000	5.455	1,037,950.13	6,152,950.13	7,190,900.25			32,940,000
3/1/2033	32,940,000			898,438.50	898,438.50		7,051,388.63	2033	32,940,000
9/1/2033	32,940,000	5,495,000	5.455	898,438.50	6,393,438.50	7,291,877.00			27,445,000
3/1/2034	27,445,000			748,562.38	748,562.38		7,142,000.88	2034	27,445,000
9/1/2034	27,445,000	5,910,000	5.455	748,562.38	6,658,562.38	7,407,124.75			21,535,000
3/1/2035	21,535,000			587,367.13	587,367.13		7,245,929.50	2035	21,535,000
9/1/2035	21,535,000	6,340,000	5.455	587,367.13	6,927,367.13	7,514,734.25			15,195,000
3/1/2036	15,195,000			414,443.63	414,443.63		7,341,810.75	2036	15,195,000
9/1/2036	15,195,000	6,795,000	5.455	414,443.63	7,209,443.63	7,623,887.25			8,400,000
3/1/2037	8,400,000			229,110.00	229,110.00		7,438,553.63	2037	8,400,000
9/1/2037	8,400,000	8,400,000	5.455	229,110.00	8,629,110.00	8,858,220.00			-
3/1/2038	-			-	-		8,629,110.00	2038	-
Totals		**95,955,000**		**85,286,973.38**	**181,241,973.38**	**181,241,973.38**	**181,241,973.38**		

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Series B

City of Stockton
2007 Taxable Pension Obligation Bonds
Series B
Gross Debt Service Schedule (Current Obligation - Series B)

Date	Beginning Principal	Principal	Rate	Interest	Periodic Debt Service	Bond Year Debt Service	Fiscal Year Debt Service	Fiscal Year	Ending Principal
9/1/2012	28,325,000			815,448.88	815,448.88	815,448.88			28,325,000
3/1/2013	28,325,000			815,448.88	815,448.88		1,630,897.75	2013	28,325,000
9/1/2013	28,325,000			815,448.88	815,448.88	1,630,897.75			28,325,000
3/1/2014	28,325,000			815,448.88	815,448.88		1,630,897.75	2014	28,325,000
9/1/2014	28,325,000			815,448.88	815,448.88	1,630,897.75			28,325,000
3/1/2015	28,325,000			815,448.88	815,448.88		1,630,897.75	2015	28,325,000
9/1/2015	28,325,000			815,448.88	815,448.88	1,630,897.75			28,325,000
3/1/2016	28,325,000			815,448.88	815,448.88		1,630,897.75	2016	28,325,000
9/1/2016	28,325,000			815,448.88	815,448.88	1,630,897.75			28,325,000
3/1/2017	28,325,000			815,448.88	815,448.88		1,630,897.75	2017	28,325,000
9/1/2017	28,325,000			815,448.88	815,448.88	1,630,897.75			28,325,000
3/1/2018	28,325,000			815,448.88	815,448.88		1,630,897.75	2018	28,325,000
9/1/2018	28,325,000	715,000	5.675	815,448.88	1,530,448.88	2,345,897.75			27,610,000
3/1/2019	27,610,000			795,160.75	795,160.75		2,325,609.63	2019	27,610,000
9/1/2019	27,610,000	790,000	5.675	795,160.75	1,585,160.75	2,380,321.50			26,820,000
3/1/2020	26,820,000			772,744.50	772,744.50		2,357,905.25	2020	26,820,000
9/1/2020	26,820,000	865,000	5.675	772,744.50	1,637,744.50	2,410,489.00			25,955,000
3/1/2021	25,955,000			748,200.13	748,200.13		2,385,944.63	2021	25,955,000
9/1/2021	25,955,000	950,000	5.675	748,200.13	1,698,200.13	2,446,400.25			25,005,000
3/1/2022	25,005,000			721,243.88	721,243.88		2,419,444.00	2022	25,005,000
9/1/2022	25,005,000	1,045,000	5.675	721,243.88	1,766,243.88	2,487,487.75			23,960,000
3/1/2023	23,960,000			691,592.00	691,592.00		2,457,835.88	2023	23,960,000
9/1/2023	23,960,000	1,140,000	5.675	691,592.00	1,831,592.00	2,523,184.00			22,820,000
3/1/2024	22,820,000			659,244.50	659,244.50		2,490,836.50	2024	22,820,000
9/1/2024	22,820,000	1,245,000	5.675	659,244.50	1,904,244.50	2,563,489.00			21,575,000
3/1/2025	21,575,000			623,917.63	623,917.63		2,528,162.13	2025	21,575,000
9/1/2025	21,575,000	950,000	5.675	623,917.63	1,573,917.63	2,197,835.25			20,625,000
3/1/2026	20,625,000			596,961.38	596,961.38		2,170,879.00	2026	20,625,000
9/1/2026	20,625,000	1,080,000	5.675	596,961.38	1,676,961.38	2,273,922.75			19,545,000
3/1/2027	19,545,000			566,316.38	566,316.38		2,243,277.75	2027	19,545,000
9/1/2027	19,545,000	1,165,000	5.795	566,316.38	1,731,316.38	2,297,632.75			18,380,000
3/1/2028	18,380,000			532,560.50	532,560.50		2,263,876.88	2028	18,380,000
9/1/2028	18,380,000	1,260,000	5.795	532,560.50	1,792,560.50	2,325,121.00			17,120,000
3/1/2029	17,120,000			496,052.00	496,052.00		2,288,612.50	2029	17,120,000
9/1/2029	17,120,000	1,365,000	5.795	496,052.00	1,861,052.00	2,357,104.00			15,755,000
3/1/2030	15,755,000			456,501.13	456,501.13		2,317,553.13	2030	15,755,000
9/1/2030	15,755,000	1,470,000	5.795	456,501.13	1,926,501.13	2,383,002.25			14,285,000
3/1/2031	14,285,000			413,907.88	413,907.88		2,340,409.00	2031	14,285,000
9/1/2031	14,285,000	1,585,000	5.795	413,907.88	1,998,907.88	2,412,815.75			12,700,000
3/1/2032	12,700,000			367,982.50	367,982.50		2,366,890.38	2032	12,700,000
9/1/2032	12,700,000	1,705,000	5.795	367,982.50	2,072,982.50	2,440,965.00			10,995,000
3/1/2033	10,995,000			318,580.13	318,580.13		2,391,562.63	2033	10,995,000
9/1/2033	10,995,000	1,840,000	5.795	318,580.13	2,158,580.13	2,477,160.25			9,155,000
3/1/2034	9,155,000			265,266.13	265,266.13		2,423,846.25	2034	9,155,000
9/1/2034	9,155,000	1,970,000	5.795	265,266.13	2,235,266.13	2,500,532.25			7,185,000
3/1/2035	7,185,000			208,185.38	208,185.38		2,443,451.50	2035	7,185,000
9/1/2035	7,185,000	2,115,000	5.795	208,185.38	2,323,185.38	2,531,370.75			5,070,000
3/1/2036	5,070,000			146,903.25	146,903.25		2,470,088.63	2036	5,070,000
9/1/2036	5,070,000	2,270,000	5.795	146,903.25	2,416,903.25	2,563,806.50			2,800,000
3/1/2037	2,800,000			81,130.00	81,130.00		2,498,033.25	2037	2,800,000
9/1/2037	2,800,000	2,800,000	5.795	81,130.00	2,881,130.00	2,962,260.00			-
3/1/2038	-						2,881,130.00	2038	-
Totals		**28,325,000**		**29,525,735.38**	**57,850,735.38**	**57,850,735.38**	**57,850,735.38**		

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Estimated Cash Flow

City of Stockton
2007 Taxable Pension Obligation Bonds
Series A and Series B
Estimated Cash Flow

Total Projected Unpaid Principal and Interest (Includes Reserve Fund Draws): 197,538,521.07

Reserve Fund N/A

Fiscal Year	Fiscal Year Debt Service (1)	Less: Projected Available Revenues (2)	Remaining Fiscal Year Debt Service	Less: Draws Against Reserve Fund Corpus	Remaining Unpaid General Fund Debt Service
2013	7,712,549.50	(1,340,316.00)	6,372,233.50	-	6,372,233.50
2014	8,298,042.50	(1,442,199.79)	6,855,842.71	-	6,855,842.71
2015	8,431,176.50	(1,465,338.48)	6,965,838.02	-	6,965,838.02
2016	8,567,617.00	(1,489,051.83)	7,078,565.17	-	7,078,565.17
2017	8,701,721.50	(1,512,359.20)	7,189,362.30	-	7,189,362.30
2018	8,842,719.00	(1,536,864.56)	7,305,854.44	-	7,305,854.44
2019	8,985,289.50	(1,561,643.32)	7,423,646.18	-	7,423,646.18
2020	9,127,945.63	(1,586,436.95)	7,541,508.68	-	7,541,508.68
2021	9,273,469.50	(1,611,729.00)	7,661,740.50	-	7,661,740.50
2022	9,415,906.75	(1,636,484.59)	7,779,422.16	-	7,779,422.16
2023	9,569,019.25	(1,663,095.55)	7,905,923.70	-	7,905,923.70
2024	9,721,450.25	(1,689,588.05)	8,031,862.20	-	8,031,862.20
2025	9,872,111.25	(1,715,772.94)	8,156,338.31	-	8,156,338.31
2026	8,458,587.88	(1,470,102.57)	6,988,485.30	-	6,988,485.30
2027	8,733,561.25	(1,517,892.95)	7,215,668.30	-	7,215,668.30
2028	8,847,998.75	(1,537,782.18)	7,310,216.57	-	7,310,216.57
2029	8,969,581.50	(1,558,913.26)	7,410,668.24	-	7,410,668.24
2030	9,084,140.63	(1,578,823.64)	7,505,316.98	-	7,505,316.98
2031	9,200,568.13	(1,599,058.74)	7,601,509.38	-	7,601,509.38
2032	9,322,346.88	(1,620,223.89)	7,702,122.99	-	7,702,122.99
2033	9,442,951.25	(1,641,184.93)	7,801,766.32	-	7,801,766.32
2034	9,565,847.13	(1,662,544.23)	7,903,302.89	-	7,903,302.89
2035	9,689,381.00	(1,684,014.42)	8,005,366.58	-	8,005,366.58
2036	9,811,899.38	(1,705,308.11)	8,106,591.26	-	8,106,591.26
2037	9,936,586.88	(1,726,978.80)	8,209,608.08	-	8,209,608.08
2038	11,510,240.00	(2,000,479.71)	9,509,760.29	-	9,509,760.29
2039	-	-	-	-	-
2040	-	-	-	-	-
2041	-	-	-	-	-
2042	-	-	-	-	-
2043	-	-	-	-	-
2044	-	-	-	-	-
2045	-	-	-	-	-
2046	-	-	-	-	-
2047	-	-	-	-	-
2048	-	-	-	-	-
2049	-	-	-	-	-
Totals	239,092,708.75	(41,554,187.68)	197,538,521.07	-	197,538,521.07

(1) Debt Service funded by August 15th each fiscal year
(2) Estimated Offset by 17.38% Paid by Other than General Fund Sources

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2007 VRDOs Proposal (Assured Guaranty)

City of Stockton Variable Rate Demand Lease Revenue Bonds 2007 Series A and Taxable 2007 Series B (Building Acquisition Financing Project)	
Original Amount:	**$40,770,000**
Remaining Amount:	**$40,355,000 ($36,500,000 Ser A) ($3,855,000 Ser B)**
Issued:	**November 29, 2007**
Final Maturity:	**September 1, 2048 (Series A) September 1, 2027 (Series B)**
Insurer:	**AGC**
Liquidity	**Dexia Credit Local**
Trustee:	**Wells Fargo Bank, N.A.**
Reserve Fund:	**Surety Policy**
Optional Prepayment:	**Any Date at 100% (Weekly or Daily mode)**
Leased Premises:	**400 E. Main Building**

Executive Summary

The City of Stockton is seeking debt service relief for a period of five years beginning July 1, 2012 (FY12-13) through and including June 30, 2017 (FY16-17). In addition, the City is seeking to restructure the obligation which includes an additional five years of interest only (FY17-18 to FY21-22) and thirty years of full amortization thereafter (to FY51-52). Proposal includes a pledge of all building net revenues up to the amount of the originally scheduled debt service and the General Fund would backstop up to the amount of the restructured debt service.

Lease Payments

The Bonds are special limited obligations of the Authority payable from and secured by Revenues, consisting primarily of lease payments to be made by the City to the Authority (the "Lease Payments") pursuant to a Lease Agreement dated as of November 1, 2007 (the "Lease") between the Authority, as lessor, and the City, as lessee. Lease Payments are to be made by the City for the right to use and occupy the Property, consisting of the Project and the site on which the Project is located.

Leased Premises

The Project, located at 400 East Main Street, Stockton, California, consists of a Class A, eight-story, steel framed office building totaling approximately 246,541 square feet. The office building is situated on a 2.07 acre site, which is a square block fronting on East Main Street, Market Street, South California Street and South Sutter Street. The building has an "H" shaped floor plate with office wings flanking a central lobby on the first floor. The lower three floors step back successively to form terraces extending around the building at Floors 2, 3, and 4, while the tower above Floor 4 has planar walls. The building's exterior consists of polished granite walls with tinted single pane glass window and painted bronze aluminum sections. It was constructed in 1988, and is supported by a foundation of cast-in-place concrete pile in the form of a 2 floor subterranean parking garage which offers a parking ratio of approximately 2.1 per 1000 square feet, for a total of approximately 518 stalls.

Internal Source of Repayment

The City utilizes net revenue from the building fund to make debt service payments on the bonds. The City currently occupies a small amount of space in the building and is currently paying rent on that occupied space at a market rate. The City's Proposal includes continuation of this rent payment so long as the City continues to occupy space, and if the City decides to occupy more space, its rent would increase commensurately. Including the City's occupancy, the building is approximately 60% vacant and only barely breaks even on an operating basis before debt service.

Remaining Debt Service on the Current Obligation (see following tables)

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Combined Series

Stockton Public Financing Authority
Variable Rate Demand Lease Revenue Bonds
2007 Series A and Taxable 2007 Series B (Building Acquisition Financing Project)
Gross Debt Service Schedule (Current Obligation - Combined Series)

Date	Beginning Principal	Principal	Rate	Interest	Periodic Debt Service	Bond Year Debt Service	Fiscal Year Debt Service	Fiscal Year	Ending Principal
9/1/2012	40,355,000	155,000	N/A	1,261,093.75	1,416,093.75	1,416,093.75			40,200,000
3/1/2013	40,200,000			1,256,250.00	1,256,250.00		2,672,343.75	2013	40,200,000
9/1/2013	40,200,000	165,000	N/A	1,256,250.00	1,421,250.00	2,677,500.00			40,035,000
3/1/2014	40,035,000			1,251,093.75	1,251,093.75		2,672,343.75	2014	40,035,000
9/1/2014	40,035,000	175,000	N/A	1,251,093.75	1,426,093.75	2,677,187.50			39,860,000
3/1/2015	39,860,000			1,245,625.00	1,245,625.00		2,671,718.75	2015	39,860,000
9/1/2015	39,860,000	185,000	N/A	1,245,625.00	1,430,625.00	2,676,250.00			39,675,000
3/1/2016	39,675,000			1,239,843.75	1,239,843.75		2,670,468.75	2016	39,675,000
9/1/2016	39,675,000	195,000	N/A	1,239,843.75	1,434,843.75	2,674,687.50			39,480,000
3/1/2017	39,480,000			1,233,750.00	1,233,750.00		2,668,593.75	2017	39,480,000
9/1/2017	39,480,000	205,000	N/A	1,233,750.00	1,438,750.00	2,672,500.00			39,275,000
3/1/2018	39,275,000			1,227,343.75	1,227,343.75		2,666,093.75	2018	39,275,000
9/1/2018	39,275,000	225,000	N/A	1,227,343.75	1,452,343.75	2,679,687.50			39,050,000
3/1/2019	39,050,000			1,220,312.50	1,220,312.50		2,672,656.25	2019	39,050,000
9/1/2019	39,050,000	270,000	N/A	1,220,312.50	1,490,312.50	2,710,625.00			38,780,000
3/1/2020	38,780,000			1,211,875.00	1,211,875.00		2,702,187.50	2020	38,780,000
9/1/2020	38,780,000	310,000	N/A	1,211,875.00	1,521,875.00	2,733,750.00			38,470,000
3/1/2021	38,470,000			1,202,187.50	1,202,187.50		2,724,062.50	2021	38,470,000
9/1/2021	38,470,000	365,000	N/A	1,202,187.50	1,567,187.50	2,769,375.00			38,105,000
3/1/2022	38,105,000			1,190,781.25	1,190,781.25		2,757,968.75	2022	38,105,000
9/1/2022	38,105,000	410,000	N/A	1,190,781.25	1,600,781.25	2,791,562.50			37,695,000
3/1/2023	37,695,000			1,177,968.75	1,177,968.75		2,778,750.00	2023	37,695,000
9/1/2023	37,695,000	465,000	N/A	1,177,968.75	1,642,968.75	2,820,937.50			37,230,000
3/1/2024	37,230,000			1,163,437.50	1,163,437.50		2,806,406.25	2024	37,230,000
9/1/2024	37,230,000	515,000	N/A	1,163,437.50	1,678,437.50	2,841,875.00			36,715,000
3/1/2025	36,715,000			1,147,343.75	1,147,343.75		2,825,781.25	2025	36,715,000
9/1/2025	36,715,000	580,000	N/A	1,147,343.75	1,727,343.75	2,874,687.50			36,135,000
3/1/2026	36,135,000			1,129,218.75	1,129,218.75		2,856,562.50	2026	36,135,000
9/1/2026	36,135,000	635,000	N/A	1,129,218.75	1,764,218.75	2,893,437.50			35,500,000
3/1/2027	35,500,000			1,109,375.00	1,109,375.00		2,873,593.75	2027	35,500,000
9/1/2027	35,500,000	700,000	N/A	1,109,375.00	1,809,375.00	2,918,750.00			34,800,000
3/1/2028	34,800,000			1,087,500.00	1,087,500.00		2,896,875.00	2028	34,800,000
9/1/2028	34,800,000	765,000	N/A	1,087,500.00	1,852,500.00	2,940,000.00			34,035,000
3/1/2029	34,035,000			1,063,593.75	1,063,593.75		2,916,093.75	2029	34,035,000
9/1/2029	34,035,000	835,000	N/A	1,063,593.75	1,898,593.75	2,962,187.50			33,200,000
3/1/2030	33,200,000			1,037,500.00	1,037,500.00		2,936,093.75	2030	33,200,000
9/1/2030	33,200,000	900,000	N/A	1,037,500.00	1,937,500.00	2,975,000.00			32,300,000
3/1/2031	32,300,000			1,009,375.00	1,009,375.00		2,946,875.00	2031	32,300,000
9/1/2031	32,300,000	975,000	N/A	1,009,375.00	1,984,375.00	2,993,750.00			31,325,000
3/1/2032	31,325,000			978,906.25	978,906.25		2,963,281.25	2032	31,325,000
9/1/2032	31,325,000	1,050,000	N/A	978,906.25	2,028,906.25	3,007,812.50			30,275,000
3/1/2033	30,275,000			946,093.75	946,093.75		2,975,000.00	2033	30,275,000
9/1/2033	30,275,000	1,130,000	N/A	946,093.75	2,076,093.75	3,022,187.50			29,145,000
3/1/2034	29,145,000			910,781.25	910,781.25		2,986,875.00	2034	29,145,000
9/1/2034	29,145,000	1,210,000	N/A	910,781.25	2,120,781.25	3,031,562.50			27,935,000
3/1/2035	27,935,000			872,968.75	872,968.75		2,993,750.00	2035	27,935,000
9/1/2035	27,935,000	1,295,000	N/A	872,968.75	2,167,968.75	3,040,937.50			26,640,000
3/1/2036	26,640,000			832,500.00	832,500.00		3,000,468.75	2036	26,640,000
9/1/2036	26,640,000	1,385,000	N/A	832,500.00	2,217,500.00	3,050,000.00			25,255,000
3/1/2037	25,255,000			789,218.75	789,218.75		3,006,718.75	2037	25,255,000
9/1/2037	25,255,000	1,480,000	N/A	789,218.75	2,269,218.75	3,058,437.50			23,775,000
3/1/2038	23,775,000			742,968.75	742,968.75		3,012,187.50	2038	23,775,000
9/1/2038	23,775,000	1,575,000	N/A	742,968.75	2,317,968.75	3,060,937.50			22,200,000
3/1/2039	22,200,000			693,750.00	693,750.00		3,011,718.75	2039	22,200,000
9/1/2039	22,200,000	1,680,000	N/A	693,750.00	2,373,750.00	3,067,500.00			20,520,000
3/1/2040	20,520,000			641,250.00	641,250.00		3,015,000.00	2040	20,520,000
9/1/2040	20,520,000	1,785,000	N/A	641,250.00	2,426,250.00	3,067,500.00			18,735,000
3/1/2041	18,735,000			585,468.75	585,468.75		3,011,718.75	2041	18,735,000
9/1/2041	18,735,000	1,900,000	N/A	585,468.75	2,485,468.75	3,070,937.50			16,835,000
3/1/2042	16,835,000			526,093.75	526,093.75		3,011,562.50	2042	16,835,000
9/1/2042	16,835,000	2,015,000	N/A	526,093.75	2,541,093.75	3,067,187.50			14,820,000
3/1/2043	14,820,000			463,125.00	463,125.00		3,004,218.75	2043	14,820,000
9/1/2043	14,820,000	2,135,000	N/A	463,125.00	2,598,125.00	3,061,250.00			12,685,000
3/1/2044	12,685,000			396,406.25	396,406.25		2,994,531.25	2044	12,685,000
9/1/2044	12,685,000	2,260,000	N/A	396,406.25	2,656,406.25	3,052,812.50			10,425,000
3/1/2045	10,425,000			325,781.25	325,781.25		2,982,187.50	2045	10,425,000
9/1/2045	10,425,000	2,395,000	N/A	325,781.25	2,720,781.25	3,046,562.50			8,030,000
3/1/2046	8,030,000			250,937.50	250,937.50		2,971,718.75	2046	8,030,000
9/1/2046	8,030,000	2,530,000	N/A	250,937.50	2,780,937.50	3,031,875.00			5,500,000
3/1/2047	5,500,000			171,875.00	171,875.00		2,952,812.50	2047	5,500,000
9/1/2047	5,500,000	2,675,000	N/A	171,875.00	2,846,875.00	3,018,750.00			2,825,000
3/1/2048	2,825,000			88,281.25	88,281.25		2,935,156.25	2048	2,825,000
9/1/2048	2,825,000	2,825,000	N/A	88,281.25	2,913,281.25	3,001,562.50			-
3/1/2049	-						2,913,281.25	2049	-
Totals		40,355,000		66,102,656.25	106,457,656.25	106,457,656.25	106,457,656.25		

Note: Assumes Base Rate of Prime (3.25%) plus 300bp (3.00%)

CONFIDENTIAL

Series A (Tax-Exempt)

Stockton Public Financing Authority
Variable Rate Demand Lease Revenue Bonds
2007 Series A (Building Acquisition Project)
Gross Debt Service Schedule (Current Obligation - Series A)

Date	Beginning Principal	Principal	Rate	Interest	Periodic Debt Service	Bond Year Debt Service	Fiscal Year Debt Service	Fiscal Year	Ending Principal
9/1/2012	36,500,000			1,140,625.00	1,140,625.00	1,140,625.00			36,500,000
3/1/2013	36,500,000			1,140,625.00	1,140,625.00		2,281,250.00	2013	36,500,000
9/1/2013	36,500,000			1,140,625.00	1,140,625.00	2,281,250.00			36,500,000
3/1/2014	36,500,000			1,140,625.00	1,140,625.00		2,281,250.00	2014	36,500,000
9/1/2014	36,500,000			1,140,625.00	1,140,625.00	2,281,250.00			36,500,000
3/1/2015	36,500,000			1,140,625.00	1,140,625.00		2,281,250.00	2015	36,500,000
9/1/2015	36,500,000			1,140,625.00	1,140,625.00	2,281,250.00			36,500,000
3/1/2016	36,500,000			1,140,625.00	1,140,625.00		2,281,250.00	2016	36,500,000
9/1/2016	36,500,000			1,140,625.00	1,140,625.00	2,281,250.00			36,500,000
3/1/2017	36,500,000			1,140,625.00	1,140,625.00		2,281,250.00	2017	36,500,000
9/1/2017	36,500,000			1,140,625.00	1,140,625.00	2,281,250.00			36,500,000
3/1/2018	36,500,000			1,140,625.00	1,140,625.00		2,281,250.00	2018	36,500,000
9/1/2018	36,500,000	10,000	6.250	1,140,625.00	1,150,625.00	2,291,250.00			36,490,000
3/1/2019	36,490,000			1,140,312.50	1,140,312.50		2,290,937.50	2019	36,490,000
9/1/2019	36,490,000	40,000	6.250	1,140,312.50	1,180,312.50	2,320,625.00			36,450,000
3/1/2020	36,450,000			1,139,062.50	1,139,062.50		2,319,375.00	2020	36,450,000
9/1/2020	36,450,000	70,000	6.250	1,139,062.50	1,209,062.50	2,348,125.00			36,380,000
3/1/2021	36,380,000			1,136,875.00	1,136,875.00		2,345,937.50	2021	36,380,000
9/1/2021	36,380,000	110,000	6.250	1,136,875.00	1,246,875.00	2,383,750.00			36,270,000
3/1/2022	36,270,000			1,133,437.50	1,133,437.50		2,380,312.50	2022	36,270,000
9/1/2022	36,270,000	140,000	6.250	1,133,437.50	1,273,437.50	2,406,875.00			36,130,000
3/1/2023	36,130,000			1,129,062.50	1,129,062.50		2,402,500.00	2023	36,130,000
9/1/2023	36,130,000	185,000	6.250	1,129,062.50	1,314,062.50	2,443,125.00			35,945,000
3/1/2024	35,945,000			1,123,281.25	1,123,281.25		2,437,343.75	2024	35,945,000
9/1/2024	35,945,000	220,000	6.250	1,123,281.25	1,343,281.25	2,466,562.50			35,725,000
3/1/2025	35,725,000			1,116,406.25	1,116,406.25		2,459,687.50	2025	35,725,000
9/1/2025	35,725,000	265,000	6.250	1,116,406.25	1,381,406.25	2,497,812.50			35,460,000
3/1/2026	35,460,000			1,108,125.00	1,108,125.00		2,489,531.25	2026	35,460,000
9/1/2026	35,460,000	305,000	6.250	1,108,125.00	1,413,125.00	2,521,250.00			35,155,000
3/1/2027	35,155,000			1,098,593.75	1,098,593.75		2,511,718.75	2027	35,155,000
9/1/2027	35,155,000	355,000	6.250	1,098,593.75	1,453,593.75	2,552,187.50			34,800,000
3/1/2028	34,800,000			1,087,500.00	1,087,500.00		2,541,093.75	2028	34,800,000
9/1/2028	34,800,000	765,000	6.250	1,087,500.00	1,852,500.00	2,940,000.00			34,035,000
3/1/2029	34,035,000			1,063,593.75	1,063,593.75		2,916,093.75	2029	34,035,000
9/1/2029	34,035,000	835,000	6.250	1,063,593.75	1,898,593.75	2,962,187.50			33,200,000
3/1/2030	33,200,000			1,037,500.00	1,037,500.00		2,936,093.75	2030	33,200,000
9/1/2030	33,200,000	900,000	6.250	1,037,500.00	1,937,500.00	2,975,000.00			32,300,000
3/1/2031	32,300,000			1,009,375.00	1,009,375.00		2,946,875.00	2031	32,300,000
9/1/2031	32,300,000	975,000	6.250	1,009,375.00	1,984,375.00	2,993,750.00			31,325,000
3/1/2032	31,325,000			978,906.25	978,906.25		2,963,281.25	2032	31,325,000
9/1/2032	31,325,000	1,050,000	6.250	978,906.25	2,028,906.25	3,007,812.50			30,275,000
3/1/2033	30,275,000			946,093.75	946,093.75		2,975,000.00	2033	30,275,000
9/1/2033	30,275,000	1,130,000	6.250	946,093.75	2,076,093.75	3,022,187.50			29,145,000
3/1/2034	29,145,000			910,781.25	910,781.25		2,986,875.00	2034	29,145,000
9/1/2034	29,145,000	1,210,000	6.250	910,781.25	2,120,781.25	3,031,562.50			27,935,000
3/1/2035	27,935,000			872,968.75	872,968.75		2,993,750.00	2035	27,935,000
9/1/2035	27,935,000	1,295,000	6.250	872,968.75	2,167,968.75	3,040,937.50			26,640,000
3/1/2036	26,640,000			832,500.00	832,500.00		3,000,468.75	2036	26,640,000
9/1/2036	26,640,000	1,385,000	6.250	832,500.00	2,217,500.00	3,050,000.00			25,255,000
3/1/2037	25,255,000			789,218.75	789,218.75		3,006,718.75	2037	25,255,000
9/1/2037	25,255,000	1,480,000	6.250	789,218.75	2,269,218.75	3,058,437.50			23,775,000
3/1/2038	23,775,000			742,968.75	742,968.75		3,012,187.50	2038	23,775,000
9/1/2038	23,775,000	1,575,000	6.250	742,968.75	2,317,968.75	3,060,937.50			22,200,000
3/1/2039	22,200,000			693,750.00	693,750.00		3,011,718.75	2039	22,200,000
9/1/2039	22,200,000	1,680,000	6.250	693,750.00	2,373,750.00	3,067,500.00			20,520,000
3/1/2040	20,520,000			641,250.00	641,250.00		3,015,000.00	2040	20,520,000
9/1/2040	20,520,000	1,785,000	6.250	641,250.00	2,426,250.00	3,067,500.00			18,735,000
3/1/2041	18,735,000			585,468.75	585,468.75		3,011,718.75	2041	18,735,000
9/1/2041	18,735,000	1,900,000	6.250	585,468.75	2,485,468.75	3,070,937.50			16,835,000
3/1/2042	16,835,000			526,093.75	526,093.75		3,011,562.50	2042	16,835,000
9/1/2042	16,835,000	2,015,000	6.250	526,093.75	2,541,093.75	3,067,187.50			14,820,000
3/1/2043	14,820,000			463,125.00	463,125.00		3,004,218.75	2043	14,820,000
9/1/2043	14,820,000	2,135,000	6.250	463,125.00	2,598,125.00	3,061,250.00			12,685,000
3/1/2044	12,685,000			396,406.25	396,406.25		2,994,531.25	2044	12,685,000
9/1/2044	12,685,000	2,260,000	6.250	396,406.25	2,656,406.25	3,052,812.50			10,425,000
3/1/2045	10,425,000			325,781.25	325,781.25		2,982,187.50	2045	10,425,000
9/1/2045	10,425,000	2,395,000	6.250	325,781.25	2,720,781.25	3,046,562.50			8,030,000
3/1/2046	8,030,000			250,937.50	250,937.50		2,971,718.75	2046	8,030,000
9/1/2046	8,030,000	2,530,000	6.250	250,937.50	2,780,937.50	3,031,875.00			5,500,000
3/1/2047	5,500,000			171,875.00	171,875.00		2,952,812.50	2047	5,500,000
9/1/2047	5,500,000	2,675,000	6.250	171,875.00	2,846,875.00	3,018,750.00			2,825,000
3/1/2048	2,825,000			88,281.25	88,281.25		2,935,156.25	2048	2,825,000
9/1/2048	2,825,000	2,825,000	6.250	88,281.25	2,913,281.25	3,001,562.50			-
3/1/2049	-						2,913,281.25	2049	-
Totals		**36,500,000**		**63,907,187.50**	**100,407,187.50**	**100,407,187.50**	**100,407,187.50**		

Note: Assumes Base Rate of Prime (3.25%) plus 300bp (3.00%)

CONFIDENTIAL

Series B (Taxable)

Stockton Public Financing Authority
Variable Rate Demand Lease Revenue Bonds
Taxable 2007 Series B (Building Acquisition Project)
Gross Debt Service Schedule (Current Obligation - Series B)

Date	Beginning Principal	Principal	Rate	Interest	Periodic Debt Service	Bond Year Debt Service	Fiscal Year Debt Service	Fiscal Year	Ending Principal
9/1/2012	3,855,000	155,000	6.250	120,468.75	275,468.75	275,468.75			3,700,000
3/1/2013	3,700,000			115,625.00	115,625.00		391,093.75	2013	3,700,000
9/1/2013	3,700,000	165,000	6.250	115,625.00	280,625.00	396,250.00			3,535,000
3/1/2014	3,535,000			110,468.75	110,468.75		391,093.75	2014	3,535,000
9/1/2014	3,535,000	175,000	6.250	110,468.75	285,468.75	395,937.50			3,360,000
3/1/2015	3,360,000			105,000.00	105,000.00		390,468.75	2015	3,360,000
9/1/2015	3,360,000	185,000	6.250	105,000.00	290,000.00	395,000.00			3,175,000
3/1/2016	3,175,000			99,218.75	99,218.75		389,218.75	2016	3,175,000
9/1/2016	3,175,000	195,000	6.250	99,218.75	294,218.75	393,437.50			2,980,000
3/1/2017	2,980,000			93,125.00	93,125.00		387,343.75	2017	2,980,000
9/1/2017	2,980,000	205,000	6.250	93,125.00	298,125.00	391,250.00			2,775,000
3/1/2018	2,775,000			86,718.75	86,718.75		384,843.75	2018	2,775,000
9/1/2018	2,775,000	215,000	6.250	86,718.75	301,718.75	388,437.50			2,560,000
3/1/2019	2,560,000			80,000.00	80,000.00		381,718.75	2019	2,560,000
9/1/2019	2,560,000	230,000	6.250	80,000.00	310,000.00	390,000.00			2,330,000
3/1/2020	2,330,000			72,812.50	72,812.50		382,812.50	2020	2,330,000
9/1/2020	2,330,000	240,000	6.250	72,812.50	312,812.50	385,625.00			2,090,000
3/1/2021	2,090,000			65,312.50	65,312.50		378,125.00	2021	2,090,000
9/1/2021	2,090,000	255,000	6.250	65,312.50	320,312.50	385,625.00			1,835,000
3/1/2022	1,835,000			57,343.75	57,343.75		377,656.25	2022	1,835,000
9/1/2022	1,835,000	270,000	6.250	57,343.75	327,343.75	384,687.50			1,565,000
3/1/2023	1,565,000			48,906.25	48,906.25		376,250.00	2023	1,565,000
9/1/2023	1,565,000	280,000	6.250	48,906.25	328,906.25	377,812.50			1,285,000
3/1/2024	1,285,000			40,156.25	40,156.25		369,062.50	2024	1,285,000
9/1/2024	1,285,000	295,000	6.250	40,156.25	335,156.25	375,312.50			990,000
3/1/2025	990,000			30,937.50	30,937.50		366,093.75	2025	990,000
9/1/2025	990,000	315,000	6.250	30,937.50	345,937.50	376,875.00			675,000
3/1/2026	675,000			21,093.75	21,093.75		367,031.25	2026	675,000
9/1/2026	675,000	330,000	6.250	21,093.75	351,093.75	372,187.50			345,000
3/1/2027	345,000			10,781.25	10,781.25		361,875.00	2027	345,000
9/1/2027	345,000	345,000	6.250	10,781.25	355,781.25	366,562.50			-
3/1/2028	-			-	-		355,781.25	2028	-
9/1/2028	-	-	-	-	-	-			-
3/1/2029	-			-	-		-	2029	-
9/1/2029	-	-	-	-	-	-			-
3/1/2030	-			-	-		-	2030	-
9/1/2030	-	-	-	-	-	-			-
3/1/2031	-			-	-		-	2031	-
9/1/2031	-	-	-	-	-	-			-
3/1/2032	-			-	-		-	2032	-
9/1/2032	-	-	-	-	-	-			-
3/1/2033	-			-	-		-	2033	-
9/1/2033	-	-	-	-	-	-			-
3/1/2034	-			-	-		-	2034	-
9/1/2034	-	-	-	-	-	-			-
3/1/2035	-			-	-		-	2035	-
9/1/2035	-	-	-	-	-	-			-
3/1/2036	-			-	-		-	2036	-
9/1/2036	-	-	-	-	-	-			-
3/1/2037	-			-	-		-	2037	-
9/1/2037	-	-	-	-	-	-			-
3/1/2038	-			-	-		-	2038	-
9/1/2038	-	-	-	-	-	-			-
3/1/2039	-			-	-		-	2039	-
9/1/2039	-	-	-	-	-	-			-
3/1/2040	-			-	-		-	2040	-
9/1/2040	-	-	-	-	-	-			-
3/1/2041	-			-	-		-	2041	-
9/1/2041	-	-	-	-	-	-			-
3/1/2042	-			-	-		-	2042	-
9/1/2042	-	-	-	-	-	-			-
3/1/2043	-			-	-		-	2043	-
9/1/2043	-	-	-	-	-	-			-
3/1/2044	-			-	-		-	2044	-
9/1/2044	-	-	-	-	-	-			-
3/1/2045	-			-	-		-	2045	-
9/1/2045	-	-	-	-	-	-			-
3/1/2046	-			-	-		-	2046	-
9/1/2046	-	-	-	-	-	-			-
3/1/2047	-			-	-		-	2047	-
9/1/2047	-	-	-	-	-	-			-
3/1/2048	-			-	-		-	2048	-
9/1/2048	-	-	-	-	-	-			-
3/1/2049	-			-	-		-	2049	-
Totals		3,855,000		2,195,468.75	6,050,468.75	6,050,468.75	6,050,468.75		

Note: Assumes Base Rate of Prime (3.25%) plus 300bp (3.00%)

The interest rate assumed for each schedule above is the Default Rate at 6.25% which is the Base Rate (current prime at 3.25%) plus 3.00%.

(See definitions on the next page)

"Base Rate" means the higher of (a) the fluctuating rate per annum equal to the "prime rate" listed daily in the "Money Rate" section of The Wall Street Journal, or if The Wall Street Journal is not published on a particular Business Day, then, the "prime rate" published in any other national financial journal or newspaper selected by Dexia, and if more than one such rate is listed in the applicable publication, the highest such rate shall be used or (b) the Fed Funds Rate plus fifty basis points (0.5%). Any change in the Base Rate shall take effect on the date specified in the announcement of such change.

"Default Rate" means a rate per annum equal to the Base Rate plus an amount equal to three hundred basis points (3.00%).

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Calculation of the Size of the Restructured Obligation

Stockton Public Financing Authority
Variable Rate Demand Lease Revenue Bonds
2007 Series A and Taxable 2007 Series B (Building Acquisition Financing Project)

Calculation of Proposed Size of Restructured Obligation

Total Projected Unpaid Principal and Interest (Includes Reserve Fund Draws):	13,355,468.75
Amount Unpaid 3/1/2012 (per City Council Action of 2/28/12) (1)	-
Total Unpaid Amount	13,355,468.75
Remaining Unpaid Principal	40,035,000.00
Restructured Issue Size	53,390,468.75

Reserve Fund (Surety) 2,973,431.75

Fiscal Year	Fiscal Year Debt Service (2)	Less: Projected Available Revenues	Remaining Fiscal Year Debt Service	Less: Draws Against Reserve Fund Policy	Remaining Unpaid General Fund Debt Service
2013	2,672,343.75	-	2,672,343.75	(2,672,343.75)	-
2014	2,672,343.75	-	2,672,343.75	(301,088.00)	2,371,255.75
2015	2,671,718.75	-	2,671,718.75	-	2,671,718.75
2016	2,670,468.75	-	2,670,468.75	-	2,670,468.75
2017	2,668,593.75	-	2,668,593.75	-	2,668,593.75
Totals	**13,355,468.75**	**-**	**13,355,468.75**	**(2,973,431.75)**	**10,382,037.00**

(1) Money previously deposited with the Trustee is currently paying debt service. The funds are expected to last until the end of April or early May 2012.

(2) Assumes Base Rate of Prime (3.25%) plus 300bp (3.00%).

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Stockton Public Financing Authority
Variable Rate Demand Lease Revenue Bonds
2007 Series A and Taxable 2007 Series B (Building Acquisition Financing Project)
Gross Debt Service Schedule (Restructured Obligation)

Date	Beginning Principal	Principal	Rate	Interest	Periodic Debt Service	Bond Year Debt Service	Fiscal Year Debt Service	Fiscal Year	Ending Principal
7/1/2012	53,395,000								53,395,000
9/1/2012	53,395,000								53,395,000
3/1/2013	53,395,000							2013	53,395,000
9/1/2013	53,395,000								53,395,000
3/1/2014	53,395,000							2014	53,395,000
9/1/2014	53,395,000								53,395,000
3/1/2015	53,395,000							2015	53,395,000
9/1/2015	53,395,000								53,395,000
3/1/2016	53,395,000							2016	53,395,000
9/1/2016	53,395,000								53,395,000
3/1/2017	53,395,000							2017	53,395,000
9/1/2017	53,395,000	-	-	667,437.50	667,437.50	667,437.50			53,395,000
3/1/2018	53,395,000			667,437.50	667,437.50		1,334,875.00	2018	53,395,000
9/1/2018	53,395,000	-	-	667,437.50	667,437.50	1,334,875.00			53,395,000
3/1/2019	53,395,000			667,437.50	667,437.50		1,334,875.00	2019	53,395,000
9/1/2019	53,395,000	-	-	667,437.50	667,437.50	1,334,875.00			53,395,000
3/1/2020	53,395,000			667,437.50	667,437.50		1,334,875.00	2020	53,395,000
9/1/2020	53,395,000	-	-	667,437.50	667,437.50	1,334,875.00			53,395,000
3/1/2021	53,395,000			667,437.50	667,437.50		1,334,875.00	2021	53,395,000
9/1/2021	53,395,000	-	-	667,437.50	667,437.50	1,334,875.00			53,395,000
3/1/2022	53,395,000			667,437.50	667,437.50		1,334,875.00	2022	53,395,000
9/1/2022	53,395,000	1,210,000	2.500	667,437.50	1,877,437.50	2,544,875.00			52,185,000
3/1/2023	52,185,000			652,312.50	652,312.50		2,529,750.00	2023	52,185,000
9/1/2023	52,185,000	1,240,000	2.500	652,312.50	1,892,312.50	2,544,625.00			50,945,000
3/1/2024	50,945,000			636,812.50	636,812.50		2,529,125.00	2024	50,945,000
9/1/2024	50,945,000	1,270,000	2.500	636,812.50	1,906,812.50	2,543,625.00			49,675,000
3/1/2025	49,675,000			620,937.50	620,937.50		2,527,750.00	2025	49,675,000
9/1/2025	49,675,000	1,305,000	2.500	620,937.50	1,925,937.50	2,546,875.00			48,370,000
3/1/2026	48,370,000			604,625.00	604,625.00		2,530,562.50	2026	48,370,000
9/1/2026	48,370,000	1,340,000	2.500	604,625.00	1,944,625.00	2,549,250.00			47,030,000
3/1/2027	47,030,000			587,875.00	587,875.00		2,532,500.00	2027	47,030,000
9/1/2027	47,030,000	1,370,000	2.500	587,875.00	1,957,875.00	2,545,750.00			45,660,000
3/1/2028	45,660,000			570,750.00	570,750.00		2,528,625.00	2028	45,660,000
9/1/2028	45,660,000	1,405,000	2.500	570,750.00	1,975,750.00	2,546,500.00			44,255,000
3/1/2029	44,255,000			553,187.50	553,187.50		2,528,937.50	2029	44,255,000
9/1/2029	44,255,000	1,440,000	2.500	553,187.50	1,993,187.50	2,546,375.00			42,815,000
3/1/2030	42,815,000			535,187.50	535,187.50		2,528,375.00	2030	42,815,000
9/1/2030	42,815,000	1,480,000	2.500	535,187.50	2,015,187.50	2,550,375.00			41,335,000
3/1/2031	41,335,000			516,687.50	516,687.50		2,531,875.00	2031	41,335,000
9/1/2031	41,335,000	1,515,000	2.500	516,687.50	2,031,687.50	2,548,375.00			39,820,000
3/1/2032	39,820,000			497,750.00	497,750.00		2,529,437.50	2032	39,820,000
9/1/2032	39,820,000	1,555,000	2.500	497,750.00	2,052,750.00	2,550,500.00			38,265,000
3/1/2033	38,265,000			478,312.50	478,312.50		2,531,062.50	2033	38,265,000
9/1/2033	38,265,000	1,595,000	2.500	478,312.50	2,073,312.50	2,551,625.00			36,670,000
3/1/2034	36,670,000			458,375.00	458,375.00		2,531,687.50	2034	36,670,000
9/1/2034	36,670,000	1,635,000	2.500	458,375.00	2,093,375.00	2,551,750.00			35,035,000
3/1/2035	35,035,000			437,937.50	437,937.50		2,531,312.50	2035	35,035,000
9/1/2035	35,035,000	1,675,000	2.500	437,937.50	2,112,937.50	2,550,875.00			33,360,000
3/1/2036	33,360,000			417,000.00	417,000.00		2,529,937.50	2036	33,360,000
9/1/2036	33,360,000	1,715,000	2.500	417,000.00	2,132,000.00	2,549,000.00			31,645,000
3/1/2037	31,645,000			395,562.50	395,562.50		2,527,562.50	2037	31,645,000
9/1/2037	31,645,000	1,760,000	2.500	395,562.50	2,155,562.50	2,551,125.00			29,885,000
3/1/2038	29,885,000			373,562.50	373,562.50		2,529,125.00	2038	29,885,000
9/1/2038	29,885,000	1,805,000	2.500	373,562.50	2,178,562.50	2,552,125.00			28,080,000
3/1/2039	28,080,000			351,000.00	351,000.00		2,529,562.50	2039	28,080,000
9/1/2039	28,080,000	1,850,000	2.500	351,000.00	2,201,000.00	2,552,000.00			26,230,000
3/1/2040	26,230,000			327,875.00	327,875.00		2,528,875.00	2040	26,230,000
9/1/2040	26,230,000	1,900,000	2.500	327,875.00	2,227,875.00	2,555,750.00			24,330,000
3/1/2041	24,330,000			304,125.00	304,125.00		2,532,000.00	2041	24,330,000
9/1/2041	24,330,000	1,945,000	2.500	304,125.00	2,249,125.00	2,553,250.00			22,385,000
3/1/2042	22,385,000			279,812.50	279,812.50		2,528,937.50	2042	22,385,000
9/1/2042	22,385,000	1,995,000	2.500	279,812.50	2,274,812.50	2,554,625.00			20,390,000
3/1/2043	20,390,000			254,875.00	254,875.00		2,529,687.50	2043	20,390,000
9/1/2043	20,390,000	2,045,000	2.500	254,875.00	2,299,875.00	2,554,750.00			18,345,000
3/1/2044	18,345,000			229,312.50	229,312.50		2,529,187.50	2044	18,345,000
9/1/2044	18,345,000	2,100,000	2.500	229,312.50	2,329,312.50	2,558,625.00			16,245,000
3/1/2045	16,245,000			203,062.50	203,062.50		2,532,375.00	2045	16,245,000
9/1/2045	16,245,000	2,150,000	2.500	203,062.50	2,353,062.50	2,556,125.00			14,095,000
3/1/2046	14,095,000			176,187.50	176,187.50		2,529,250.00	2046	14,095,000
9/1/2046	14,095,000	2,205,000	2.500	176,187.50	2,381,187.50	2,557,375.00			11,890,000
3/1/2047	11,890,000			148,625.00	148,625.00		2,529,812.50	2047	11,890,000
9/1/2047	11,890,000	2,260,000	2.500	148,625.00	2,408,625.00	2,557,250.00			9,630,000
3/1/2048	9,630,000			120,375.00	120,375.00		2,529,000.00	2048	9,630,000
9/1/2048	9,630,000	2,320,000	2.500	120,375.00	2,440,375.00	2,560,750.00			7,310,000
3/1/2049	7,310,000			91,375.00	91,375.00		2,531,750.00	2049	7,310,000
9/1/2049	7,310,000	2,375,000	2.500	91,375.00	2,466,375.00	2,557,750.00			4,935,000
3/1/2050	4,935,000			61,687.50	61,687.50		2,528,062.50	2050	4,935,000
9/1/2050	4,935,000	2,435,000	2.500	61,687.50	2,496,687.50	2,558,375.00			2,500,000
3/1/2051	2,500,000			31,250.00	31,250.00		2,527,937.50	2051	2,500,000
9/1/2051	2,500,000	2,500,000	2.500	31,250.00	2,531,250.00	2,562,500.00			-
3/1/2052	-			-	-		2,531,250.00	2052	-
Totals		**53,395,000**		**29,174,687.50**	**82,569,687.50**	**82,569,687.50**	**82,569,687.50**		

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Stockton Public Financing Authority
Variable Rate Demand Lease Revenue Bonds
2007 Series A and Taxable 2007 Series B (Building Acquisition Financing Project)
Calculation of Payment Differential and Fiscal Impact

Date	Restructured Obligation	Current Obligation	Periodic Difference	Fiscal Year Difference	Fiscal Year
7/1/2012					
9/1/2012		1,416,093.75	(1,416,093.75)		
3/1/2013		1,256,250.00	(1,256,250.00)	(2,672,343.75)	2013
9/1/2013		1,421,250.00	(1,421,250.00)		
3/1/2014		1,251,093.75	(1,251,093.75)	(2,672,343.75)	2014
9/1/2014		1,426,093.75	(1,426,093.75)		
3/1/2015		1,245,625.00	(1,245,625.00)	(2,671,718.75)	2015
9/1/2015		1,430,625.00	(1,430,625.00)		
3/1/2016		1,239,843.75	(1,239,843.75)	(2,670,468.75)	2016
9/1/2016		1,434,843.75	(1,434,843.75)		
3/1/2017		1,233,750.00	(1,233,750.00)	(2,668,593.75)	2017
9/1/2017	667,437.50	1,438,750.00	(771,312.50)		
3/1/2018	667,437.50	1,227,343.75	(559,906.25)	(1,331,218.75)	2018
9/1/2018	667,437.50	1,452,343.75	(784,906.25)		
3/1/2019	667,437.50	1,220,312.50	(552,875.00)	(1,337,781.25)	2019
9/1/2019	667,437.50	1,490,312.50	(822,875.00)		
3/1/2020	667,437.50	1,211,875.00	(544,437.50)	(1,367,312.50)	2020
9/1/2020	667,437.50	1,521,875.00	(854,437.50)		
3/1/2021	667,437.50	1,202,187.50	(534,750.00)	(1,389,187.50)	2021
9/1/2021	667,437.50	1,567,187.50	(899,750.00)		
3/1/2022	667,437.50	1,190,781.25	(523,343.75)	(1,423,093.75)	2022
9/1/2022	1,877,437.50	1,600,781.25	276,656.25		
3/1/2023	652,312.50	1,177,968.75	(525,656.25)	(249,000.00)	2023
9/1/2023	1,892,312.50	1,642,968.75	249,343.75		
3/1/2024	636,812.50	1,163,437.50	(526,625.00)	(277,281.25)	2024
9/1/2024	1,906,812.50	1,678,437.50	228,375.00		
3/1/2025	620,937.50	1,147,343.75	(526,406.25)	(298,031.25)	2025
9/1/2025	1,925,937.50	1,727,343.75	198,593.75		
3/1/2026	604,625.00	1,129,218.75	(524,593.75)	(326,000.00)	2026
9/1/2026	1,944,625.00	1,764,218.75	180,406.25		
3/1/2027	587,875.00	1,109,375.00	(521,500.00)	(341,093.75)	2027
9/1/2027	1,957,875.00	1,809,375.00	148,500.00		
3/1/2028	570,750.00	1,087,500.00	(516,750.00)	(368,250.00)	2028
9/1/2028	1,975,750.00	1,852,500.00	123,250.00		
3/1/2029	553,187.50	1,063,593.75	(510,406.25)	(387,156.25)	2029
9/1/2029	1,993,187.50	1,898,593.75	94,593.75		
3/1/2030	535,187.50	1,037,500.00	(502,312.50)	(407,718.75)	2030
9/1/2030	2,015,187.50	1,937,500.00	77,687.50		
3/1/2031	516,687.50	1,009,375.00	(492,687.50)	(415,000.00)	2031
9/1/2031	2,031,687.50	1,984,375.00	47,312.50		
3/1/2032	497,750.00	978,906.25	(481,156.25)	(433,843.75)	2032
9/1/2032	2,052,750.00	2,028,906.25	23,843.75		
3/1/2033	478,312.50	946,093.75	(467,781.25)	(443,937.50)	2033
9/1/2033	2,073,312.50	2,076,093.75	(2,781.25)		
3/1/2034	458,375.00	910,781.25	(452,406.25)	(455,187.50)	2034
9/1/2034	2,093,375.00	2,120,781.25	(27,406.25)		
3/1/2035	437,937.50	872,968.75	(435,031.25)	(462,437.50)	2035
9/1/2035	2,112,937.50	2,167,968.75	(55,031.25)		
3/1/2036	417,000.00	832,500.00	(415,500.00)	(470,531.25)	2036
9/1/2036	2,132,000.00	2,217,500.00	(85,500.00)		
3/1/2037	395,562.50	789,218.75	(393,656.25)	(479,156.25)	2037
9/1/2037	2,155,562.50	2,269,218.75	(113,656.25)		
3/1/2038	373,562.50	742,968.75	(369,406.25)	(483,062.50)	2038
9/1/2038	2,178,562.50	2,317,968.75	(139,406.25)		
3/1/2039	351,000.00	693,750.00	(342,750.00)	(482,156.25)	2039
9/1/2039	2,201,000.00	2,373,750.00	(172,750.00)		
3/1/2040	327,875.00	641,250.00	(313,375.00)	(486,125.00)	2040
9/1/2040	2,227,875.00	2,426,250.00	(198,375.00)		
3/1/2041	304,125.00	585,468.75	(281,343.75)	(479,718.75)	2041
9/1/2041	2,249,125.00	2,485,468.75	(236,343.75)		
3/1/2042	279,812.50	526,093.75	(246,281.25)	(482,625.00)	2042
9/1/2042	2,274,812.50	2,541,093.75	(266,281.25)		
3/1/2043	254,875.00	463,125.00	(208,250.00)	(474,531.25)	2043
9/1/2043	2,299,875.00	2,598,125.00	(298,250.00)		
3/1/2044	229,312.50	396,406.25	(167,093.75)	(465,343.75)	2044
9/1/2044	2,329,312.50	2,656,406.25	(327,093.75)		
3/1/2045	203,062.50	325,781.25	(122,718.75)	(449,812.50)	2045
9/1/2045	2,353,062.50	2,720,781.25	(367,718.75)		
3/1/2046	176,187.50	250,937.50	(74,750.00)	(442,468.75)	2046
9/1/2046	2,381,187.50	2,780,937.50	(399,750.00)		
3/1/2047	148,625.00	171,875.00	(23,250.00)	(423,000.00)	2047
9/1/2047	2,408,625.00	2,846,875.00	(438,250.00)		
3/1/2048	120,375.00	88,281.25	32,093.75	(406,156.25)	2048
9/1/2048	2,440,375.00	2,913,281.25	(472,906.25)		
3/1/2049	91,375.00	-	91,375.00	(381,531.25)	2049
9/1/2049	2,466,375.00	-	2,466,375.00		
3/1/2050	61,687.50	-	61,687.50	2,528,062.50	2050
9/1/2050	2,496,687.50	-	2,496,687.50		
3/1/2051	31,250.00	-	31,250.00	2,527,937.50	2051
9/1/2051	2,531,250.00	-	2,531,250.00		
3/1/2052	-	-	-	2,531,250.00	2052
	82,569,687.50	**106,457,656.25**	**(23,887,968.75)**	**(23,887,968.75)**	

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2009 LRBs Proposal
(Wells Fargo, N.A. as Trustee)

Stockton Public Financing Authority Lease Revenue Bonds 2009 Series A (Capital Improvement Projects)	
Original Amount:	**$35,080,000**
Remaining Amount:	**$35,080,000**
Issued:	**September 9, 2009**
Final Maturity:	**September 1, 2038**
Insurer:	**Not Applicable**
Trustee:	**Wells Fargo Bank, N.A.**
Reserve Fund:	**Cash** **$2,945,462.50**
Optional Prepayment:	**September 1, 2019**
Leased Premises:	**Oak Park** **Van Buskirk Golf Course** **Swenson Golf Course**

Executive Summary

The City of Stockton is seeking debt service relief from the General Fund for this transaction by eliminating the backstop of the General Fund in support of the restructured obligation and providing a pledge of public facilities fees ("PFFs") in its place. The City would pledge only the annual PFF revenue collected within each respective PFF fund to the repayment of debt service prior to funding any capital projects in that fiscal year.

Lease Payments

The 2009 Bonds are limited obligations of the Authority payable solely from Revenues (as defined herein) consisting primarily of certain payments (the "Lease Payments") made by the City to the Authority for the beneficial use and occupancy of the Property (as defined below). The City, as lessor, and the Authority, as lessee, entered into a site and facility lease dated as of September 1, 2009 (the "Site and Facility Lease"), pursuant to which the City leased to the Authority certain real property, and the facilities located thereon (collectively, the "Property"). The Authority pays to the City, as advance rental for the Property for the stated term of the Site and Facility Lease, the net proceeds of the 2009 Bonds. The 2009 Bonds were issued pursuant to Marks-Roos Local Bonds Pooling Act of 1985, as amended, constituting Articles 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Bond Law") and an Indenture of Trust dated as of September 1, 2009 (the "Indenture") by and between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Pursuant to the Indenture, the Authority pledged to the Trustee, for the benefit of the Owners of the 2009 Bonds, all of the Revenues, consisting primarily of the Lease Payments.

Leased Premises

The Property consists of three separate properties, each of which is owned by the City, as further described below, and includes site development, landscaping, utilities, equipment, furnishings, improvements and appurtenant and related facilities located thereon.

Oak Park

This Property is an approximately 61.2 acre park, bounded on the east by Union Pacific railroad tracks, on the north by East Fulton Street, on the south by East Alpine Street, and on the west by North Sutter and Alvarado Streets. This park features group picnic areas, 20 picnic tables, two tot lots, 15 barbecue pits, and four restrooms. In addition, Oak Park features 11 tennis courts, two regulation softball fields, the Billy Hebert Field, a 6,000 seat, regulation professional minor league baseball field, renovated in 2002; and a multi-use field, a community swimming pool complex with changing facilities, and an approximately 13,875 square foot ice rink facility with seating for 350. An approximately 5,000 square foot, one-story senior center, which is available for rental to the public, is also located at Oak Park.

Swenson Golf Course

This Property was opened in 1952, and is located on approximately 219 acres at 6803 Alexandria Place. Swenson Golf Course features a classic championship 18-hole, 72 par course, a nine-hole executive, par 3 course, a 15 station driving range, two putting greens and a practice bunker, paved cart paths. Also located on this Property is a clubhouse, an approximately 2,000 square foot pro shop, an approximately 5,000 square foot maintenance and storage facility and an approximately 2,500 square foot café with seating.

Van Buskirk Golf Course.

This Property was opened in 1962, and is located on approximately 214.0 acres at 1740 Houston Avenue. Van Buskirk Golf Course features a classically designed par 72, 18-hole course, an all grass driving range with 15 stations, two practice greens and partially paved cart paths. Also located on this Property is a clubhouse, an approximately 2,000 square foot pro shop, an approximately 5,000 square foot maintenance and storage facility and an approximately 2,500 square foot cafe with seating. The Van Buskirk parcel is subject to a reversionary interest that is senior to the leasehold interest and if it were to be converted from a public recreational use it may revert to private parties.

Internal Sources of Repayment

The City utilizes public facilities fee ("PFFs") from four different funds (Funds 910-915 Street Improvements, Fund 940 Fire Stations, Fund 960 Police Stations and Fund 970 Parkland) to make debt service payment each fund paying its respective share. However, under the existing documents these revenues are *not* pledged as security for the bonds. Unfortunately, now that annual housing permits have dropped (from nearly 3,000 per year in the years before the recession to less than 150 per year today), the funds are insufficient to make the full debt service payments requiring a General Fund subsidy. Below is a table showing the percentage of debt service paid by each respective PFF fund:

Streets (Funds 910-915):	34.05%
Fire Stations (Fund 940):	17.37%
Police Stations (Fund 960):	12.37%
Parkland (Fund 970):	36.21%

All of these funds have some current revenues based upon an estimated 150 permits this fiscal year. Funds 910-915 Street Improvements and Fund 970 Parkland have some fund balance while Fund 940 Fire and Fund 960 Police have negative fund balances that will not be restored in the near term. The City's proposal for this issue is as follows:

1. The General Fund will no longer subsidize the payment of debt service beyond what can be funded from revenues attributable to the PFF accounts.
2. Each fiscal year, the City will apply the revenues received in each PFF account (i) first, to restore any of the historical negative balances in those accounts, and (ii) second, to pay up to that account's legally allocable share of the debt service.
3. Each fiscal year, starting in FY12-13, payments will be made from revenues received during the fiscal year to the extent of available revenues on the payment dates for the Bonds (September 1 and March 1) and a final true up payment will be made (to the extent the full allocable payment has not yet been made on the payment dates) from revenues received between March 1 and June 30, on July 15 of the next fiscal year (the lag time being necessary to determine the amount of total receipts through June 30).

4. Any fund balance remaining in the funds will be available to the City for capital projects eligible to be funded from the respective PFF accounts. We note that there is some positive fund balance in the Streets and Parklands accounts that is needed for projects already underway, and that these funds are the only source the City has for any future capital project needs.
5. To the extent the full amount of debt service has not been paid by the stated final maturity of the bonds, the City will continue to pay any arrearage in the manner described above until the end of Fiscal Year FY51-52.

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Remaining Debt Service on the Current Obligation

Stockton Public Financing Authority
Lease Revenue Bonds, 2009 Series A
(Capital Improvement Projects)
Gross Debt Service Schedule (Current Obligation)

Date	Beginning Principal	Principal	Rate	Interest	Periodic Debt Service	Bond Year Debt Service	Fiscal Year Debt Service	Fiscal Year	Ending Principal
9/1/2012	35,080,000	-	-	1,207,918.75	1,207,918.75	1,207,918.75			35,080,000
3/1/2013	35,080,000			1,207,918.75	1,207,918.75		2,415,837.50	2013	35,080,000
9/1/2013	35,080,000	525,000	6.750	1,207,918.75	1,732,918.75	2,940,837.50			34,555,000
3/1/2014	34,555,000			1,190,200.00	1,190,200.00		2,923,118.75	2014	34,555,000
9/1/2014	34,555,000	565,000	6.750	1,190,200.00	1,755,200.00	2,945,400.00			33,990,000
3/1/2015	33,990,000			1,171,131.25	1,171,131.25		2,926,331.25	2015	33,990,000
9/1/2015	33,990,000	600,000	6.750	1,171,131.25	1,771,131.25	2,942,262.50			33,390,000
3/1/2016	33,390,000			1,150,881.25	1,150,881.25		2,922,012.50	2016	33,390,000
9/1/2016	33,390,000	640,000	6.750	1,150,881.25	1,790,881.25	2,941,762.50			32,750,000
3/1/2017	32,750,000			1,129,281.25	1,129,281.25		2,920,162.50	2017	32,750,000
9/1/2017	32,750,000	685,000	6.750	1,129,281.25	1,814,281.25	2,943,562.50			32,065,000
3/1/2018	32,065,000			1,106,162.50	1,106,162.50		2,920,443.75	2018	32,065,000
9/1/2018	32,065,000	730,000	6.750	1,106,162.50	1,836,162.50	2,942,325.00			31,335,000
3/1/2019	31,335,000			1,081,525.00	1,081,525.00		2,917,687.50	2019	31,335,000
9/1/2019	31,335,000	780,000	6.750	1,081,525.00	1,861,525.00	2,943,050.00			30,555,000
3/1/2020	30,555,000			1,055,200.00	1,055,200.00		2,916,725.00	2020	30,555,000
9/1/2020	30,555,000	835,000	6.750	1,055,200.00	1,890,200.00	2,945,400.00			29,720,000
3/1/2021	29,720,000			1,027,018.75	1,027,018.75		2,917,218.75	2021	29,720,000
9/1/2021	29,720,000	890,000	6.750	1,027,018.75	1,917,018.75	2,944,037.50			28,830,000
3/1/2022	28,830,000			996,981.25	996,981.25		2,914,000.00	2022	28,830,000
9/1/2022	28,830,000	950,000	6.750	996,981.25	1,946,981.25	2,943,962.50			27,880,000
3/1/2023	27,880,000			964,918.75	964,918.75		2,911,900.00	2023	27,880,000
9/1/2023	27,880,000	1,015,000	6.750	964,918.75	1,979,918.75	2,944,837.50			26,865,000
3/1/2024	26,865,000			930,662.50	930,662.50		2,910,581.25	2024	26,865,000
9/1/2024	26,865,000	1,080,000	6.750	930,662.50	2,010,662.50	2,941,325.00			25,785,000
3/1/2025	25,785,000			894,212.50	894,212.50		2,904,875.00	2025	25,785,000
9/1/2025	25,785,000	1,155,000	6.750	894,212.50	2,049,212.50	2,943,425.00			24,630,000
3/1/2026	24,630,000			855,231.25	855,231.25		2,904,443.75	2026	24,630,000
9/1/2026	24,630,000	1,235,000	6.750	855,231.25	2,090,231.25	2,945,462.50			23,395,000
3/1/2027	23,395,000			813,550.00	813,550.00		2,903,781.25	2027	23,395,000
9/1/2027	23,395,000	1,315,000	6.750	813,550.00	2,128,550.00	2,942,100.00			22,080,000
3/1/2028	22,080,000			769,168.75	769,168.75		2,897,718.75	2028	22,080,000
9/1/2028	22,080,000	1,405,000	6.750	769,168.75	2,174,168.75	2,943,337.50			20,675,000
3/1/2029	20,675,000			721,750.00	721,750.00		2,895,918.75	2029	20,675,000
9/1/2029	20,675,000	1,500,000	6.750	721,750.00	2,221,750.00	2,943,500.00			19,175,000
3/1/2030	19,175,000			671,125.00	671,125.00		2,892,875.00	2030	19,175,000
9/1/2030	19,175,000	1,600,000	7.000	671,125.00	2,271,125.00	2,942,250.00			17,575,000
3/1/2031	17,575,000			615,125.00	615,125.00		2,886,250.00	2031	17,575,000
9/1/2031	17,575,000	1,715,000	7.000	615,125.00	2,330,125.00	2,945,250.00			15,860,000
3/1/2032	15,860,000			555,100.00	555,100.00		2,885,225.00	2032	15,860,000
9/1/2032	15,860,000	1,835,000	7.000	555,100.00	2,390,100.00	2,945,200.00			14,025,000
3/1/2033	14,025,000			490,875.00	490,875.00		2,880,975.00	2033	14,025,000
9/1/2033	14,025,000	1,960,000	7.000	490,875.00	2,450,875.00	2,941,750.00			12,065,000
3/1/2034	12,065,000			422,275.00	422,275.00		2,873,150.00	2034	12,065,000
9/1/2034	12,065,000	2,100,000	7.000	422,275.00	2,522,275.00	2,944,550.00			9,965,000
3/1/2035	9,965,000			348,775.00	348,775.00		2,871,050.00	2035	9,965,000
9/1/2035	9,965,000	2,245,000	7.000	348,775.00	2,593,775.00	2,942,550.00			7,720,000
3/1/2036	7,720,000			270,200.00	270,200.00		2,863,975.00	2036	7,720,000
9/1/2036	7,720,000	2,400,000	7.000	270,200.00	2,670,200.00	2,940,400.00			5,320,000
3/1/2037	5,320,000			186,200.00	186,200.00		2,856,400.00	2037	5,320,000
9/1/2037	5,320,000	2,570,000	7.000	186,200.00	2,756,200.00	2,942,400.00			2,750,000
3/1/2038	2,750,000			96,250.00	96,250.00		2,852,450.00	2038	2,750,000
9/1/2038	2,750,000	2,750,000	7.000	96,250.00	2,846,250.00	2,942,500.00			-
3/1/2039	-			-	-		2,846,250.00	2039	-
Totals		35,080,000		42,651,356.25	77,731,356.25	77,731,356.25	77,731,356.25		

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Dept. of Boating & Waterways (DBAW)

Department of Boating and Waterways Stockton, C#01-102-330 0110233S (Marina Loan)	
Authorized Amount:	$13,300,000.00
Amount Loaned:	$11,462,556.09
Remaining Amount:	$10,837,363.08
Issued:	January 4, 2006
Final Maturity:	August 1, 2040
Insurer:	Not Applicable
Trustee:	Not Applicable
Optional Prepayment:	Any Date @ 100%
Leased Premises:	Not Applicable

Executive Summary

The City will not pay debt service from the General Fund moving forward. The City is willing to continue the pledge of Gross Revenues of the Project but that is unlikely to net any significant revenues towards the payment of debt service because the marina operates at a loss. If the State does not want to exercise its right to take control of the marina and/or sweep gross revenues 9thus forcing a shutdown of the marina), the City will continue to provide a modest operating subsidy in order to keep the marina operating.

Security and Sources of Payment

Repayment of the Loan is made from Project Area Gross Revenues and, per Harbors and Navigation Code section 71.8(b), is a priority payment made prior any other expenditure from Gross Revenues. However, to the extent that the revenues generated within the Project Area are insufficient to repay the Loan, the Borrower shall make every effort, subject to section 18 in Article XVI of the California

Constitution, to assign and collect other revenues, and/or levy and collect taxes as necessary to pay each Loan payment.

In order for the General Fund to be obligated to make payments, and in order to levy any additional taxes to support the obligation, the City would have to submit a proposition to the voters of the City to approve such payments and/or taxes. This proposition would have to be approved by at least 2/3 of the voters. The City has not done so and does not intend to do so as it believes that the voters would overwhelmingly reject such a proposition. In addition, such an election would be time consuming and costly.

Internal Source of Repayment

The City makes debt service payments on the loan from available revenues of the Project, and shortfalls have in the past been voluntarily subsidized from the General Fund. Project Revenues are far short of actual debt service. The City does not intend to continue any subsidy for this Project from the General Fund.

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Remaining Debt Service on the Current Obligation

City of Stockton
Department of Boating and Waterways
Marina Loan
Gross Debt Service Schedule (Current Obligation)

Date	Beginning Principal	Principal	Rate	Interest	Annual Debt Service	Fiscal Year	Ending Principal
8/1/2012	10,837,363.08	184,482.67	4.500	500,218.33	684,701.00	2013	10,652,880.41
8/1/2013	10,652,880.41	194,371.71	4.500	490,329.29	684,701.00	2014	10,458,508.70
8/1/2014	10,458,508.70	203,318.23	4.500	481,382.77	684,701.00	2015	10,255,190.47
8/1/2015	10,255,190.47	212,676.53	4.500	472,024.47	684,701.00	2016	10,042,513.94
8/1/2016	10,042,513.94	221,170.39	4.500	463,530.61	684,701.00	2017	9,821,343.55
8/1/2017	9,821,343.55	232,645.57	4.500	452,055.43	684,701.00	2018	9,588,697.98
8/1/2018	9,588,697.98	243,353.75	4.500	441,347.25	684,701.00	2019	9,345,344.23
8/1/2019	9,345,344.23	254,554.80	4.500	430,146.20	684,701.00	2020	9,090,789.43
8/1/2020	9,090,789.43	265,098.98	4.500	419,602.02	684,701.00	2021	8,825,690.45
8/1/2021	8,825,690.45	278,473.36	4.500	406,227.64	684,701.00	2022	8,547,217.09
8/1/2022	8,547,217.09	291,290.89	4.500	393,410.11	684,701.00	2023	8,255,926.20
8/1/2023	8,255,926.20	304,698.39	4.500	380,002.61	684,701.00	2024	7,951,227.81
8/1/2024	7,951,227.81	317,697.53	4.500	367,003.47	684,701.00	2025	7,633,530.28
8/1/2025	7,633,530.28	333,345.94	4.500	351,355.06	684,701.00	2026	7,300,184.34
8/1/2026	7,300,184.34	348,689.14	4.500	336,011.86	684,701.00	2027	6,951,495.20
8/1/2027	6,951,495.20	364,738.55	4.500	319,962.45	684,701.00	2028	6,586,756.65
8/1/2028	6,586,756.65	380,677.19	4.500	304,023.81	684,701.00	2029	6,206,079.46
8/1/2029	6,206,079.46	399,048.44	4.500	285,652.56	684,701.00	2030	5,807,031.02
8/1/2030	5,807,031.02	417,415.79	4.500	267,285.21	684,701.00	2031	5,389,615.23
8/1/2031	5,389,615.23	436,628.55	4.500	248,072.45	684,701.00	2032	4,952,986.68
8/1/2032	4,952,986.68	456,086.83	4.500	228,614.17	684,701.00	2033	4,496,899.85
8/1/2033	4,496,899.85	477,718.32	4.500	206,982.68	684,701.00	2034	4,019,181.53
8/1/2034	4,019,181.53	499,706.68	4.500	184,994.32	684,701.00	2035	3,519,474.85
8/1/2035	3,519,474.85	522,707.10	4.500	161,993.90	684,701.00	2036	2,996,767.75
8/1/2036	2,996,767.75	546,379.70	4.500	138,321.30	684,701.00	2037	2,450,388.05
8/1/2037	2,450,388.05	571,914.88	4.500	112,786.12	684,701.00	2038	1,878,473.17
8/1/2038	1,878,473.17	598,238.90	4.500	86,462.10	684,701.00	2039	1,280,234.27
8/1/2039	1,280,234.27	625,774.56	4.500	58,926.44	684,701.00	2040	654,459.71
8/1/2040	654,459.71	654,459.71	4.500	30,207.79	684,667.50	2041	-
Totals		**10,837,363.08**		**9,018,932.42**	**19,856,295.50**		