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2 Jeffrey E. Bjork (Cal. Bar No. 197930)
3 Christina M. Craige (Cal. Bar No. 251103)
4 SIDLEY AUSTIN LLP
5 555 West Fifth Street, Suite 4000
6 Los Angeles, California 90013
7 Telephone: (213) 896-6000
8 Facsimile: (213) 896-6600
9 Email: jbjork@sidley.com
10 ccraige@sidley.com
11 Attorneys for Assured Guaranty Corp.
12 and Assured Guaranty Municipal Corp.

8 Lawrence A. Larose (Admitted Pro Hac Vice)
9 WINSTON & STRAWN, LLP
10 200 Park Avenue
11 New York, New York 10166
12 Telephone: (212) 294-6700
13 Facsimile: (212) 294-4700
14 Email: llarose@winston.com
15 Attorneys for Creditor
16 National Public Finance Guaranty Corporation

James O. Johnston (Cal. Bar No. 167330)
JONES DAY
555 South Flower Street, 50th Floor
Los Angeles, California 90071
Telephone: (213) 489-3939
Facsimile: (213) 243-2539
Email: jjohnston@jonesday.com
Attorneys for Franklin High Yield Tax Free
Income Fund and Franklin California High
Yield Municipal Fund

13 William W. Kannel (admitted pro hac vice)
14 MINTZ LEVIN COHN FERRIS GLOVSKY AND POPEO P.C.
15 One Financial Center
16 Boston, MA 02111
17 Telephone: (617) 542-6000
18 Facsimile: (617) 542-2241
19 wkannel@mintz.com
20 Attorneys for Wells Fargo Bank National Association, as Indenture Trustee

17 **UNITED STATES BANKRUPTCY COURT**
18 **EASTERN DISTRICT OF CALIFORNIA**
19 **SACRAMENTO DIVISION**

19 In re:) Case No. 12-32118
20 CITY OF STOCKTON, CALIFORNIA,)
21 Debtor,) DC No. OHS-5
22) Chapter 9
23) Date: January 30, 2013
24) Time: 10:00 a.m.
25) Dept.: C, Courtroom 35
26) Judge: Hon. Christopher M. Klein

25 **EXHIBITS TO SUPPLEMENTAL BRIEF OF CAPITAL MARKETS CREDITORS**
26 **REGARDING THE CITY OF STOCKTON’S MOTION FOR ORDER RULING THAT**
27 **APPROVAL OF SETTLEMENT AGREEMENT IS NOT REQUIRED UNDER RULE 9019**
28 **OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE**

28 Exhibit A MOU Between City of Stockton and Stockton Police Officers Association.....2

NEW BUSINESS

AGENDA ITEM 15.04

December 11, 2012

TO: Mayor and City Council

FROM: Teresia Haase, Director of Human Resources

SUBJECT: **MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF STOCKTON AND THE STOCKTON POLICE OFFICERS' ASSOCIATION**

RECOMMENDATION

It is recommended that the City Council adopt by motion the attached Memorandum of Understanding, effective July 1, 2012, through June 30, 2014, regarding salary, benefits and other terms and conditions of employment for the members of the Stockton Police Officers' Association (SPOA). This Memorandum of Understanding (MOU) shall supersede all previous Memoranda of Understanding, as well as those portions of the Pendency Plan adopted on June 26, 2012 that impact the treatment of SPOA. City Council shall authorize the City Manager to execute this MOU between the City of Stockton and SPOA. It is further recommended that this action authorize the City Manager to take whatever actions are appropriate to carry out the implementation of this MOU. This MOU also resolves various legal actions between the parties, as well as the treatment in the City's chapter 9 case of the claims against the City held by SPOA and its members.

Summary

Representatives of the City have met and conferred with representatives of the Stockton Police Officers' Association on a new Memorandum of Understanding that is to be effective from July 1, 2012, and has a term of two years, expiring June 30, 2014. This MOU includes proposed reductions in compensation and benefits due to the City of Stockton's fiscal shortfalls that resulted in the chapter 9 bankruptcy filing. This MOU supersedes the previously adopted Memorandum of Understanding and the Pendency Plan adopted by the Council on June 26, 2012. It also supersedes all previous side letters and resolutions not included in this MOU.

DISCUSSION

Background

The City has had substantial fiscal shortfalls over the past several years. In 2010, unable to reach an agreement with the SPOA on concessions, the City declared a fiscal emergency and temporarily imposed changes in compensation and staffing. In 2011, the SPOA was imposed with additional compensation changes due to the continued fiscal emergency. The City and representatives of this unit participated in the AB 506 mediation process.

December 11, 2012

**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF STOCKTON AND
THE STOCKTON POLICE OFFICERS' ASSOCIATION**

(Page 2 of 4)

On June 26, 2012, after taking public testimony, the City Council adopted a final budget for Fiscal Year 2012/2013, which budget is referred to as the City's Pendency Plan. It also adopted as part of its Pendency Plan changes in compensation and conditions of employment for the SPOA in order to adjust expenditures to available revenues. The City filed for chapter 9 bankruptcy protection on June 28, 2012. After the City's bankruptcy filing, the parties participated in mediation ordered by the United States Bankruptcy Judge handling the City's Chapter 9 case.

Present Situation

The City and representatives of the SPOA have met and conferred, and have reached tentative agreement on a new Memorandum of Understanding with a term of July 1, 2012 through June 30, 2014. The City has been notified that members of the SPOA have voted to ratify the tentative agreement. This MOU is presented to Council for your consideration and adoption. If adopted, this MOU and its provisions will supersede any previous Memorandum of Understanding and will also supersede those aspects of the Pendency Plan that impact this unit. This MOU also resolves various litigation matters between the City and SPOA in order to enable the parties to move forward in a more harmonious manner in their relationship. The parties also have resolved the treatment of bankruptcy claims asserted by SPOA on its own behalf and on behalf of its members in the approximate amount of \$13 Million.

The major changes in this new Memorandum of Understanding are summarized as follows:

1. Permanent implementation of compensation changes made as part of the fiscal emergencies in 2010 and 2011;
2. Implementation of a 62 hour employee furlough for FY2012/2013 and FY2013/2014;
3. Implementation of the new AB340 CalPERS pension formula of 2.7% @ 57 and employee contribution rates for employees hired on or after January 1, 2013; including implementation of lower optional benefits not covered by AB340 have also been agreed to;
4. Partial reductions to add pay compensation for Motorcycle Officer and SWAT;
5. Elimination of Equestrian Officer and Master Officer Program add pays;
6. Continuation of Longevity Pay at a reduced rate and grandfathering of longevity pay for certain eligible employees;
7. Reductions and changes in vacation leave accruals, carryover maximum allowances, and vacation sellback/cashout option;
8. Change from a lump sum payout to graduating the payout of unused vacation upon separation over a two year period;

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**MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF STOCKTON AND
THE STOCKTON POLICE OFFICERS' ASSOCIATION**

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9. Changes in sick leave accruals and elimination of cash value of unused sick leave;
10. Elimination or reduction to the payout of unused sick leave upon separation;
11. Allows management flexibility to require doctor certification for sick leave occurrences;
12. Holiday leave benefit changes such as elimination of employee's birthday, and limits the value of holidays to 8 hours for all employee work schedules;
13. Reduction of benefit value of City paid Life insurance to \$50,000;
14. Base pay reduction and monthly stipend issuance each month for the purpose of the association purchasing their own preferred Long Term Disability Insurance;
15. Various changes to standby pay, call back pay and overtime paid to employees, including changing the calculation of overtime eligibility to Federal Fair Labor Standards Act (FLSA) minimum standards;
16. Elimination of dual coverage in City medical plans for employees and retirees, and other medical plan changes in retiree plans;
17. Reduction and then elimination of City paid retiree medical benefits for existing employees over the FY 2012/2013;
18. Choice of health plans to members, including Kaiser HMO as soon as administratively possible;
19. Elimination of Retiree Medical Trust Plan and City contribution which applies to some employees in this unit;
20. Layoff and Reemployment Procedure updates;
21. Changes to City procedures for managing workers compensation claims in accordance with state regulations; and
22. Special leave time bank allowance of 22 hours in FY 2012/13 and 22 hours over the period FY 2013/14 through 2014/15 (44 hours total) for consideration of SPOA releasing City of all claims, including but not limited to bankruptcy claims in the amount of approximately \$13 Million.

FINANCIAL SUMMARY

Since the 2010 and subsequent Declarations of Fiscal Emergency, savings resulting from the temporarily imposed compensation and benefit changes have totaled approximately \$10.4 Million, of which approximately \$8.8 Million was General Fund savings. The Pendency Plan continued these savings through Fiscal Year 12-13 and imposed compensation reductions in pay and other miscellaneous benefits that resulted in additional savings and avoidance of future costs. The proposed MOU makes permanent the majority of reductions imposed by the Pendency Plan.

To reach mutual agreement between the parties some elements of the Pendency Plan have been modified by this MOU. Longevity pay grandfathering for existing employees was included in the Pendency Plan. These grandfathered benefits were to be

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eliminated as of June 30, 2013. The proposed MOU extends this grandfathering through June 30, 2014. There is no fiscal impact to the fiscal year 12-13 budget. It is estimated that this will cost \$710,000 in fiscal year 13-14 and will be incorporated into that budget.

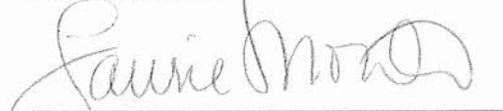
The partial restoration of additional compensation stipends for Motorcycle and SWAT are part of the negotiations that resulted in a ratified agreement, and are included in the negotiated agreement before your Council. These adjustments will result in a reduction in the cost savings implemented under the Pendency Plan of \$45,000. This amount will be funded through vacancy savings in the Police Department budget. This amount will be incorporated into the fiscal year 13-14 as well.

Respectfully submitted,



TERESIA HAASE
DIRECTOR OF HUMAN RESOURCES

APPROVED:



LAURIE MONTES
DEPUTY CITY MANAGER

Attachment A – SPOA MOU-Effective July 1, 2012
Attachment B – SPOA MOU-Redlined Version

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**MEMORANDUM OF UNDERSTANDING BETWEEN THE STOCKTON POLICE
OFFICERS ASSOCIATION AND CITY OF STOCKTON**

TERM: July 1, 2012 – June 30, 2014

CITY ATTY
REVIEW _____
DATE DEC 05 2012

STOCKTON POLICE OFFICERS ASSOCIATION (SPOA) SUCCESSOR MOU
Term: July 1, 2012 – June 30, 2014

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STOCKTON POLICE OFFICERS ASSOCIATION (SPOA) SUCCESSOR MOU

Term: July 1, 2012 – June 30, 2014

This agreement (the "Agreement" or "MOU") is made and entered into as of November __, 2012 by and among the City of Stockton, California (the "City" or "Stockton) and the Stockton Police Officers Association ("SPOA"), sometimes collectively referred to as the "Parties."

INTRODUCTION

A. The Parties have been in negotiation over the terms of a successor to the parties' prior MOU that expired June 30, 2012 as well as the treatment of the claims of members of the SPOA in bankruptcy that arose as a result of the City's imposition of compensation reductions during the term of the prior MOU.

B. Beginning on March 27, 2012, the City commenced the "AB 506 process" in order to avoid and, if necessary, to qualify for, a chapter 9 bankruptcy filing. The initial phase of the AB 506 process lasted 60 days, as mandated by statute. Cal. Gov't Code § 53760.3(r). Upon the agreement of the majority of the City's creditors who participated, the AB 506 mediation process was extended by an additional 30 days. Cal. Gov't Code § 53760.3(r). Despite good faith efforts by the City and the interested parties, when the AB 506 process concluded on June 25, 2012, the City had not "resolved all pending disputes with creditors." Cal. Gov't Code § 53760.3.

C. During the AB 506 process, the City presented to all the interested parties a 790-page "ask" ("Ask"), which contained specific proposals relating to each participant as well as to other creditors that chose not to participate. The Ask was similar to a plan of adjustment in that it disclosed to all creditors how the City viewed the claims of each and the likely resolution of such claims in a proposed bankruptcy plan of adjustment. Although no settlement was reached, the AB 506 process used the Ask as a baseline for negotiations, and the Ask functioned in part as a de facto draft plan of adjustment that described to all major creditors the treatment of the individual claims.

D. On June 26, 2012, the City Council adopted a "Pendency Plan" budget ("Pendency Plan"), which was based upon the detailed provisions of the Ask.

E. The City filed a chapter 9 bankruptcy petition on June 28, 2012. By order dated July 11, 2012, the Bankruptcy Court appointed the Honorable Judge Elizabeth Perris ("Judge Perris") to serve as judicial mediator in the chapter 9 case. The Parties conducted four days of mediation with Judge Perris, ending on November 2, 2012. The Parties used the Pendency Plan as a starting point for negotiations to create a new 2012-2014 Memorandum of Understanding. During this successful mediation process, the Parties continued earlier extensive efforts at settling disputes between them, both in the AB 506 process, and in extensive parallel negotiations relating to the SPOA's

STOCKTON POLICE OFFICERS ASSOCIATION (SPOA) SUCCESSOR MOU
Term: July 1, 2012 – June 30, 2014

collective bargaining agreement(s) with the City, and reached a settlement covering all disputes.

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Term: July 1, 2012 – June 30, 2014

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.

STOCKTON POLICE OFFICERS ASSOCIATION (SPOA) SUCCESSOR MOU
Term: July 1, 2012 – June 30, 2014

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.

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Term: July 1, 2012 – June 30, 2014

- (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 the Police Chief and when made shall continue until revoked by the Chief.
- (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/Association Release Time

Release Time Related to Meet and Confer. City employees who are official 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 administrative hearings where matters within the scope of representation or grievances related to this unit are being considered.

The use of 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 shall not exceed five (5), except by mutual agreement.

STOCKTON POLICE OFFICERS ASSOCIATION (SPOA) SUCCESSOR MOU
Term: July 1, 2012 – June 30, 2014

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 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 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.

STOCKTON POLICE OFFICERS ASSOCIATION (SPOA) SUCCESSOR MOU
Term: July 1, 2012 – June 30, 2014

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 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.

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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.

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Term: July 1, 2012 – June 30, 2014

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
- c. Temporary

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b. Provisional

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.

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.

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Term: July 1, 2012 – June 30, 2014

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 consistent with Civil Service Rule VII Certification and Appointment pertaining to Police safety positions, currently in effect.

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 Chief, the City Manager, and the approval of the Civil Service Commission, be restored to a reemployment list of the same classification upon as held upon resignation within a period of one (1) year from the effective date of his/her resignation.

STOCKTON POLICE OFFICERS ASSOCIATION (SPOA) SUCCESSOR MOU
Term: July 1, 2012 – June 30, 2014

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 starting at step two (2) with the Director of Human resources 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.

STOCKTON POLICE OFFICERS ASSOCIATION (SPOA) SUCCESSOR MOU
Term: July 1, 2012 – June 30, 2014

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

STOCKTON POLICE OFFICERS ASSOCIATION (SPOA) SUCCESSOR MOU

Term: July 1, 2012 – June 30, 2014

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) calendar days shall result in the grievance automatically proceeding to step four (4) of the grievance procedure.

- (d) Step 4 - Arbitration. 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.
- (e) Effect of Decision. The decision of the arbitrator on matters properly before him/her 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 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

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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 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, except in cases where the City determines that the basis of the compensation issue was a result of a clerical error, the adjustment shall be no more than three hundred and sixty-five (365) 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) of subsection 8.3 above shall be taken unless it is determined that the employee is not availing himself/herself of such option.

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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.

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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 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 cases of illness or injury in the employee's immediate family.

For the purposes of this section immediate family is defined as the employee's parents, spouse, registered domestic partner, child (child as defined as biological, step, foster or adopted child; a legal ward; child of domestic partner; a child to whom the employee stands in loco parentis), 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

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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. The Police Chief or the Director of Human Resources may require a doctor's certificate or other reasonable proof of illness as he/she deem 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.

- (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. Except as provided in section (h), all sick leave shall have no cash value upon separation of employment and employees shall not be allowed to cash out unused sick leave. Current employees shall be eligible for CalPERS service credit for unused sick leave at retirement. Employees hired after the City amends its CalPERS contract to eliminate service credit for unused sick leave shall not be eligible for that service credit.

- (h) Sick Leave Retention Benefit.

If, after subtracting the equivalent of one full year of service credit (2080 hours), which may be applied to CALPERS service credit, any balance remaining upon separation shall be paid as follows to employees who have remained in City service until the dates specified:

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- (1) Separation prior to July 1, 2014, no payment of unused sick leave at separation shall occur for separating employees before this date;
- (2) Separation between July 1, 2014 and June 30, 2015, payment of unused sick leave which the employee held on 2/16/12 shall be paid at 35% of its cash value to separating employees between these dates; and
- (3) Separation after July 1, 2015, payment of unused sick leave which the employee held on 2/16/12 shall be paid at 50% of its cash value to separating employees after this date.
- (4) Service credit for unused sick leave shall be in accordance with PERS regulations.

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

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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 the employee serves on the jury or is required to remain in court to testify 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 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. 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 before noon and not required to return to court in the afternoon, he/she shall 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

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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/her accumulated sick leave credits or vacation eligibility. The City Manager may grant an additional 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

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 requiring medical care 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.

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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

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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 resigned 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 semi-monthly in accordance with the following schedule:

Less than 1-1/2 years continuous employment	80 hours/year
After 1-1/2 years up to 7 1/2 years.....	108 hours/year
After 7-1/2 years up to 15 years.....	144 hours/year
After 15 years up to 25 years.....	189 hours/year

Seven (7) additional hours hence for each completed year of service in excess of twenty-five (25) years.

- (b) Vacation Accumulation. 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.

Employees who, on July 1, 2012, have vacation balances that exceed their maximum shall have until June 30, 2013 to use sufficient vacation satisfy the maximum allowed. If an employee does not satisfy the maximum by June 30, 2013, he/she shall retain his/her existing earned vacation, but shall not earn any additional vacation until the employee's

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vacation balance is 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 remaining 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/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.
 - 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.

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- (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.

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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 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 may 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) 62 Furlough Hours. Effective the pay period that includes July 1, 2012 through June 30, 2014, each employee shall take sixty two (62) unpaid furlough hours in each fiscal year in accordance with (c) and (d) of this section for a total of one hundred and twenty four (124) hours of unpaid furlough hours. The parties agree that the City shall have the complete authority to reduce or eliminate, but not increase the 62 hours per fiscal year furlough requirement, at any time during the term of this contract upon written notice from the City to the SPOA.
- (b) Equalized Payroll Deductions. Payroll deductions for the sixty two (62) furlough hours per fiscal year of this contract described in section 10.4, paragraph (a) herein above shall be equalized so that each bargaining unit employee shall have three percent (3%) of 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. On or after the first pay period in July of 2012 and July of

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2013, sixty two (62) furlough hours per fiscal will be placed in a furlough bank. There shall be no cash value provided for any furlough hours since the start of the furlough program in 2009 and all furlough bank hours shall be used in accordance with 10.4 d below.

- (d) Use of Furlough Hours. All furlough leave shall be scheduled in advance with the employee's supervisor. All Furlough must be scheduled and used prior to the date of separation in accordance to City's leave policies.

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SECTION 11. OVERTIME

11.1 Authorization

All compensable overtime must be authorized by the Chief of Police or the Chief's 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 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.
- (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.
- (c) Hours worked shall include all actual time worked. Furlough hours taken, holiday hours taken and observed holidays where the City is closed shall be considered as time worked and those positions in this unit are not required to report to work. Sick leave, vacation, or other compensated time off shall not be considered as 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 compensation of three (3) hours at time and one-half (1-1/2) or actual time worked at the appropriate rate, whichever is greater.
- (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

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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 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 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 Standby Compensation

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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 for each hour on standby 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 after their normal tour of a regular work day shall receive \$3.00 per hour for each hour of 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 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 Standby Compensation for Time Worked

Employees shall not simultaneously receive compensation for court appearance, voluntary court standby, standby, or call back pay provided in Sections 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.

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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.
- (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.

12.2 Holidays Observed by the City

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)

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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For employees on 4/10 alternative work schedule, employees may flex the remaining two hours of a scheduled holiday within the same FLSA work period with prior approval of their supervisor.

For employees on 9/80 alternative work schedule, employees may shift their work schedule so that their eight (8) hour day falls on designated holiday with prior approval of their supervisor.

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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. benefits. Such amounts will be applied to the employee's individual account in accordance with Government Code Section 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) Legacy employees hired on or before December 31, 2012 shall pay nine (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. Such amounts will be applied to the employee's individual account in accordance with Government Code section 20691.
- (d) 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 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

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will be applied to the employee's individual account in accordance with Government Code section 20691.

Upon satisfactory completion of basic recruit training, the Non Sworn Police Officer Trainee (Local Miscellaneous Member) shall be transferred to Sworn Police Officer plan (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. Fourth Level Of 1959 Survivor Benefits

The City provides 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 P.E.R.S. 3% At Age 50 Retirement for Employees Hired on or before December 31, 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 PERS Benefits for Employees hired on or after January 1, 2013

- (a) Employees hired on or after January 1, 2013 shall be subject to the new AB340 PERS pension formula of 2.7%@57 with no optional pension enhancements. Employees shall pay 50% of the City normal cost rate for the 2.7% @57 as determined by CalPERS.
- (b) As soon as administratively possible, the City shall amend its CalPERS contract to eliminate sick leave conversion and the enhanced survivor benefits for all employees hired on or after the effective date of the contract amendment.

13.6 Uniform Allowance

- (a) Employees in this unit shall receive as additional annual compensation, a uniform allowance in the amount of nine hundred fifty dollars (\$950.00).

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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 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.

13.8 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.

- (a) For those members who as of July 31, 2011 were receiving 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.

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- (b) For those members who as of July 31, 2011 were receiving 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 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 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 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 July 1, 2012, Section 13.8(a) through (f) are modified as follows:

Employees who are receiving Longevity Pay as described above shall have their Longevity pay reduced an additional 4% effective July 1, 2012, except that individuals whose 2011 reduction of the following amounts

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(Reductions of Longevity pay, elimination of Master Officer Pay, elimination of Educational Incentive and payment of employees PERS contribution) was 22% shall have their Longevity amount reduced by 1%. The longevity increment pay shall remain frozen at this level and no additional increments shall be earned nor additional persons shall qualify for this pay.

13.9 Longevity Increment Pay For Police Sergeant

The 5% Longevity Pay received by Sergeants is frozen effective July 1, 2012 and no additional persons shall qualify for this pay.

13.10 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.

13.11 Motorcycle Officer Compensation

Effective the first full pay period after the effective date of this contract, employees assigned motorcycle responsibilities shall be paid a maximum of four and one-quarter (4.25) 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.

13.12 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.

13.13 SWAT Compensation

Effective the first full pay period after the effective date of this contract, the pay for unit members assigned to SWAT shall be paid a maximum of four and one-quarter (4.25) hours per month at the rate of one and one-half (1-1/2) time.

13.14 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.

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13.15 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.

13.16 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. As soon as administratively possible after the ratification and adoption of this MOU by the City Council, an HMO (Kaiser) will be added as a plan choice for employee's in this unit.

- 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

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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 (see Appendix B for details of Plan modification).
- f. It is understood that a coalition of the City's unions, including SPOA, are exploring the possibility of providing a health plan for all city employees and retirees, independent from the City. On or before October 1, 2012, the Unions shall notify the City of whether they in fact are proposing to assume the provision of medical plans for employees and retirees. Should the City and unions in fact agree upon the unions administering their own plan, the terms of that assumption shall be established through meet and confer, as set forth in the Appendix C. The terms of such plan, once agreed upon shall supersede this section to the extent inconsistent, provided the City's contribution to such plan for active employees in this unit shall not exceed the maximum contributions set forth subsection c.

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 his/her 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.

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The City shall provide to employees retiring from the City the following contribution towards the cost of retiree medical insurance from July 1, 2012 through 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.
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. a. Retirees may enroll themselves or their dependents at their own expense in City sponsored medical plans only (dental and vision are not offered to retirees). The City reserves the right to set benefit levels in medical plans for retirees and at its exclusive option only provide fully insured plan choices to retirees for enrollment. The City reserves the right to discontinue inclusion of retirees in City sponsored medical plans at any time.

b. The City's commitment to provide retiree medical benefits during the 2012-2013 fiscal year 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 have 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

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(future retirees) and current retiree.

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. 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 agrees 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 retiree will be required to sign a form that indicates 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. As with 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

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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. Refer to section 14.2 regarding Elimination of Retiree Medical Plan effective June 30, 2013.

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.

If portions or whole of the Federal Affordable Care Act is modified subsequent to the adoption of this memorandum of understanding, the City and POA will meet and confer over any identifiable negotiable impact to those modifications.

14.5 Retiree Medical Trust

The City will cooperate with the SPOA to amend the documents related to the SPOA Retiree Medical Trust ("RMT") to reflect that the City relinquishes all of its right to designate any trustees under the RMT and any and all rights, obligations, or responsibility under the RMT so that only the SPOA designated Trustees will administer the RMT.

The City has no objection to the transfer of all current assets in the RMT to another trust (the "Receiving Trust") selected by the SPOA designated RMT

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Trustees so long as the Receiving Trust agrees to hold those assets for the exclusive benefit of eligible retirees. Further, the SPOA and the City agree that the transfer of assets will be contingent on the SPOA and Receiving Trustees agreeing that on and after the transfer of the assets of the RMT to the Receiving Trust (i) the City's only obligation with respect to such Receiving Trust will be to make any agreed upon contributions to the Receiving Trust, and (ii) the SPOA and the Receiving Trustees further agree. that on and after the transfer of the assets of the RMT to the Receiving Trust, to indemnify and hold harmless the City and the City designated trustees from any claim whatsoever by the SPOA, any unit member, or any beneficiary of the Receiving Trust with respect to the Receiving Trust. Such claims include, but are not limited to, (i) any claim for benefits under the Receiving Trust or any plan funded by the Receiving Trust, (ii) any claim regarding the administration of, or fiduciary duties under, the Receiving Trust, (iii) any claim regarding the tax treatment of contributions to the Receiving Trust (so long as the City complies with applicable federal law and guidance from the Internal Revenue Service), and (iv) any claim regarding the terms of the Receiving Trust or selection of trustees.

The City's obligation to contribute to the RMT has ceased. The City agrees to meet and confer at the request of the SPOA with regard to a contract amendment for employee contributions to be made to the Receiving Trust to provide medical care benefits for retirees in a manner that will make the employee contributions excluded from employee's income tax whether that means they will be by salary reduction whereby the employee forgoes salary in exchange for the contribution or salary deduction whereby the employee contribution is deducted from the employee's paycheck . No contributions will be made to the Receiving Trust until the tax consequences of such employee contributions to such Receiving Trust are resolved.

The rights of unit members to distributions and amounts of those distributions from the RMT or the Receiving Trust shall be determined under the terms of the trust plan document and Section 14.4 of the prior labor agreement except to the extent modified by this Agreement.

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).

14.7 Long Term Disability Insurance

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

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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.

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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.

15.2 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.

15.3 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.

15.4 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.

15.5 Effective July 1, 2005 – Salary Step Plan – Police Officers Appointed On Or After January 1, 1999

There were nine (9) salary steps for the classification of Police Officer, however, salary steps 1, 2, and 3 for Police Officers were eliminated effective July 1, 2012. There shall be six (6) salary steps for the classification of Police Sergeant. Eligible employees will be moved to the next step every 12 months. Any reference in this MOU to a different schedule for step increase shall be adjusted accordingly. In a case where a person possesses unusual qualifications, the City

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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.

All step references below are to the salary schedule for the Police Officer classification. Non-Sworn Police Officer Trainees are hired at the rate identified in the single step salary classification for Police Officer Trainee.

The first salary step shall be the minimum salary rate and shall be the normal hiring rate for the classification of Police Officer.

The second salary step shall be paid upon the employee's satisfactory completion of twelve (12) months service at the first salary step and upon the written recommendation of the department head.

The third salary step shall be paid upon the employee's satisfactory completion of twelve (12) 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 twelve (12) 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 twelve (12) 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.

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 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.

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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.

15.6 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.

15.7 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.

15.8 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.

15.9 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.

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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, 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.

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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 City Hall within forty-five (45) minutes.

SECTION 17. SEVERABILITY OF PROVISIONS

In the event that any provision of the 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 MEMORANDUA 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, and shall remain in full force and effect to and including the 30th day of June, 2014.

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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.

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. CONDITIONAL AGREEMENT RE PLAN SUPPORT AND TREATMENT OF CLAIMS

1. Confirmation of Plan. The City agrees to use its best efforts to obtain confirmation of, and to implement, a plan of adjustment ("Plan") that is consistent with the terms of this MOU, or as applicable, its successor MOU. All of the provisions of this Article except 2(c) shall be null and void in the event that the Plan contemplated by this Agreement is not confirmed and does not become effective.

2. SPOA's Claims. SPOA alleges that its members have claims in the bankruptcy case against the City relating to the City's modification of its 2009 Memorandum of Understanding ("2009 MOU"), pursuant to Declarations of Fiscal Emergency beginning on or about May 26, 2010 and continuing in effect thereafter, and in connection with the treatment of the claims of SPOA and its members under the Pendency Plan (collectively, the "Claims"), and that, in the aggregate, the Claims exceed thirteen million dollars (\$13,000,000). The City disputes the Claims and contends that the Claims would not be allowed in the chapter 9 case. It further asserts that, if the Claims were allowed, they would be allowed in an amount aggregating less than thirteen million dollars (\$13,000,000).

In consideration of resolving the above differences and agreement on the MOU, the City agrees that the Claims shall be provided for in the Plan as follows:

- (a) The Claims will be deemed allowed in the chapter 9 case in the aggregate amount of eight million, five hundred thousand dollars (\$8,500,000) (the "Allowed Claims"). In consideration for the reduction in the amount of the Claims, SPOA members employed during fiscal year 2010-2011 and/or 2011-2012 shall be credited , upon final approval of the MOU by the Parties and, if necessary, by the Bankruptcy Court, twenty-two (22) additional hours of paid leave in fiscal year 2012-2013. These additional hours of paid leave shall have no cash value and shall be utilized any time prior to the date upon which the SPOA member leaves employment with the City. Only those employees who were employed during some portion of the period July 1, 2010 and July 1, 2012 and who were still current employees upon the effective date of this Agreement shall be entitled to this treatment.
- (b) The Allowed Claims shall be satisfied under the Plan by the City by crediting SPOA members employed during fiscal year 2010-2011 and/or 2011-2012, eleven (11) additional paid leave hours in the fiscal year of approval of the Plan and eleven (11) additional paid leave hours in the fiscal year after approval of the Plan. This benefit shall only apply to those employees who were employed during some portion of the period July 1, 2010 and July 1,

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2012 and who are current employees as of the date the Plan is approved by the Bankruptcy Court. The total additional paid leave per SPOA member under paragraphs 2(a) and 2(b) of this article shall equal forty-four (44) hours. These additional paid leave hours shall have no cash value, and shall be utilized any time prior to the date upon which the SPOA member leaves employment with the City. It is understood that the provision of these hours shall be the sole compensation for the Claims of SPOA and its members. The additional twenty-two (22) hours additional paid leave credit contained in this paragraph 2(b) shall be contingent upon confirmation of the Plan and on the Plan becoming effective.

- (c) Notwithstanding the foregoing, in the event that the Plan is not confirmed and does not become effective, the Claims shall not be allowed as specified herein, and both SPOA and the City agree that the Claims will be considered unresolved, with each Party reserving the right to assert or contest the Claims; provided, however, that the monetary equivalent of any paid leave hours taken pursuant to this Article shall serve as a credit against the Claims.

3. Implementation of 2012-2014 SPOA MOU. The City shall include in its proposed Plan provisions that give effect to, and comport with the terms of this Agreement.

4. Plan Support. SPOA agrees to use its best efforts to support the Plan, the provisions of which include the treatment of the Claims as described above, and which are consistent with the terms of the MOU. SPOA's support for the Plan shall include statements in papers filed in the Bankruptcy Court and in appearances by its counsel in Bankruptcy Court. SPOA shall use its best efforts to cause its members to vote to approve the Plan, to withdraw any proofs of claim they have filed which are inconsistent with the MOU and not object to, or otherwise commence any proceeding against, or take any other action opposing any of the terms of the MOU, the Plan or any disclosure statement filed in connection with the Plan. At the City's request, such support may also include the execution by SPOA of an agreement to recommend that its members vote in favor of the Plan.

5. Further Assurances. The Parties agree to execute and deliver such other instruments and perform such acts, in addition to the matters herein specified, as may be reasonably appropriate or necessary, from time to time, to effectuate the agreements and understandings of the Parties, whether the same occurs before or after the date of this Agreement.

6. Release of Claims. Except for the Parties' respective obligations stated in the MOU, SPOA, on behalf of all employees in its bargaining unit, and the City hereby release and discharge each other, and their respective past or present parents, subsidiaries, successors, predecessors, assigns, and their respective officers, directors,

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employees, agents, attorneys, and each of them, from and against any and all defenses, claims, demands, losses, damages, and causes of action of whatever kind or nature, whether known or unknown, suspected or unsuspected, which either of them may now or hereafter have against the other in any way related to the Claims and or Litigation Claims (as such term is defined below). This release shall include, but is not limited to, within thirty days of approval of the Plan, dismissing with prejudice litigation and cross litigation claims ("Litigation Claims") pertaining to San Joaquin County Superior Court case number 39-2010-00245197-CU-WM-STK, San Joaquin Superior Court Case number 39-2010-00253803 and Third Appellate District appellate case numbers C070347 and C068723. These cases shall remain stayed until the occurrence of the effective date of the Plan or the dismissal of the chapter 9 case. The Parties agree to waive any and all claims for attorneys' fees or costs associated with the Litigation Claims.

The Parties, and each of them, hereby waive the provisions of Section 1542 of the California Civil Code, which 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.

The Parties, and each of them, understand that if the facts with respect to which this release is given turn out to be different from the facts now known or believed by either of them to be true, each of them expressly assumes the risk of the facts turning out to be different, and agrees that this release shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

This release shall be binding upon and inure to the benefit of the Parties and their respective past or present parents, subsidiaries, successors, predecessors, assigns, and their respective officers, directors, employees, agents, attorneys, including but not limited to all bargaining unit employees, and each of them.

This release shall not apply to any pending disciplinary cases, or grievances pertaining to those disciplinary cases, but shall apply to any lawsuits filed related to those disciplinary cases.

7. Resolution of Dispute regarding the Property at 1132 N. Country Club Rd., Stockton, CA ("the Property"). SPOA shall continue renting the Property to third parties. No SPOA member, family member, agent or person within SPOA's control shall apply to rent the Property.

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- a) In renting the Property, SPOA shall utilize a licensed third party rental agent not affiliated with SPOA or its agents.
- b) SPOA shall sell the Property not later than November 1, 2015, unless this provision is waived in writing by the City.
- c) The Property shall be maintained in its present state and SPOA shall exercise its best efforts to ensure that its tenants not interfere with the City Manager's quiet enjoyment of his home.
- d) SPOA shall not seek to change the use of the Property as a single family residence (maximum two unrelated adults, or two adults and two children).
- e) Notwithstanding the effective date and expiration date of the MOU, this section 7(a) shall be effective November 1, 2012, and shall apply to the SPOA's current efforts to lease the Property. It shall expire upon the sale of the Property, unless otherwise agreed by the Parties.

8. No Admissions. Except to acknowledge responsibility to perform the terms of this Article or to enforce those terms, the Parties agree that nothing contained in this Article or any action taken or the failure to take any action pursuant to this Article ever is to be construed as an admission or evidence tending to establish the validity of either Party's claims, including the initial Claims.

9. Rules of Construction. The Parties agree that any rule of construction to the effect that ambiguities are resolved against the drafting party shall not apply to the interpretation of this Article, since both Parties have reviewed it with counsel of their respective choice. Otherwise, this Article shall be governed by and interpreted in accordance with the law of the State of California and the Bankruptcy Code.

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SECTION 24. 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 and a specifically contradictory term of this Agreement. Existing written policies, rules, regulations, ordinances and resolutions 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 consent of the City and the Association in a written and signed amendment to this Agreement.

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APPENDIX A. SALARY SCHEDULE

Job Classification	Salary Steps					
	1	2	3	4	5	6
Police Officer	4,970.39	5,225.81	5,494.96	5,776.54	6,074.37	6,385.88
Police Officer Recruit	4,275.10					
Police Officer Trainee	4,275.10					
Police Sergeant	5,876.26	6,179.04	6,495.54	6,829.48	7,180.86	7,549.69

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APPENDIX B. CITY OF STOCKTON MODIFIED EMPLOYEES MEDICAL PLAN WITH MEDICAL PLAN CHANGES EFFECTIVE SEPTEMBER 1, 2011

Plan Feature	Coverage Amount	
	When Provided by a Participating Provider	When Provided by a Non- Participating
Calendar year deductible <i>(only Allowable Charges for Covered Services in Article 3 of this document can be applied toward the deductible)</i>	\$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 <i>(only Allowable Charges for Covered Services in Article 3 of this document can be applied toward the out-of-pocket maximum))</i>	\$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	50% of Allowable Charges after a copayment of \$200 per
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 (refer to Article 1 for the Plan's definition of	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 definition of Emergency)
Skilled Nursing Facility	80% of Allowable Charges after a copayment of \$75 per	50% of Allowable Charges after a copayment of \$200 per

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Outpatient therapy (<i>physical, respiratory, cardiac & speech</i>)	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

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Plan Feature	Coverage Amount	
	When Provided by a Participating Provider	When Provided by a Non- Participating
Mental or nervous disorder		
Inpatient confinement	80% of Allowable Charges after a copayment of \$75 per	50% of Allowable Charges after a copayment of \$200 per
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	50% of Allowable Charges after a copayment of \$200 per
Outpatient services	80% of Allowable Charges	50% of Allowable Charges
Outpatient diagnostic radiology &	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	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 definition of
Surgery	80% of Allowable Charges	50% of Allowable Charges
Anesthesia and its administration	80% of Allowable Charges	50% of Allowable Charges

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Preventive Care (<i>physical exam, screenings, tests & immunizations as recommended by certain government agencies – refer to the definition of Preventive Care Services in Article 1</i>)	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 (<i>dependent children are not covered by this benefit</i>)	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 (<i>no calendar year deductible applies</i>)	When Dispensed at a Participating Pharmacy	When Dispensed at a Non- Participating Pharmacy
Retail pharmacy (<i>30 day supply limit</i>)	\$10 copayment for a generic drug; \$35 copayment for a non-generic formulary drug; no coverage for non-formulary drugs	Not covered

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Mail service pharmacy <i>(90 day supply limit)</i>	\$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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APPENDIX C. UNION PROPOSAL TO ASSUME ADMINISTRATION OF CITY
MEDICAL PLANS (AGREEMENT BETWEEN THE CITY OF STOCKTON AND
THE EMPLOYEE COALITION REPRESENTING ALL CITY UNIONS
INCLUDING THE SPOA)

City Counter Proposal Regarding Union Assumption of Medical Plans

The City is supportive in concept of the unions taking over responsibility for providing medical insurance plan, and pledges its full cooperation in providing the necessary data to permit the Unions to assess the viability of such a plan. Acceptance of the plan by the City shall be subject to the following terms and conditions:

1. Such plan would not be City sponsored and the City would not have any responsibility for such plan including administration of the plan and client services, and unions/vendor will hold city harmless for any actions taken by vendor or union in its management of their plans. The City will pay its contributions for employee insurance coverage as set forth in individual MOUs and remit them to the plan administrator per any administrative agreement. City will process employee's deductions and remit to vendor and such costs of providing this service is part of administrative expense to be paid by union per any agreement as described in #11 below.
2. Plan participants to pay all administrative costs of the plan, including HR support and computer/data transfer/integration.
3. Such plan would include all city employees and eligible retirees. All plan enrollees would have same benefits, plan choices, eligibility, access to the network and premium costs and be treated in the same manner . The only exception would be for over age 65 retirees where plan benefits would be integrated with Medicare.
4. The plan would be fully insured, such that all risks would be borne by the insuring company without the possibility of underfunding the benefit
5. The Unions will not propose CalPERS medical plans.
6. Implementation shall be by January 1, 2013, provided the Unions provide at least 90 days notice to the City.
7. The City will pay all run out claims from the Modified and Original medical plans with respect to any claim incurred prior to January 1, 2013, regardless of when the claim is paid The City shall make all reasonable efforts to insure that all

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claims received are processed timely during the claims run out period. If any funds remain in the ISF fund, the parties will meet to discuss the status of the funds.

8. It is understood that the union plans would stay in effect for at least five years, and the Unions will give the City at least 1 year's notice if they intend to terminate this arrangement. The City may only terminate the agreement with good cause regarding the failure of the plan to provide agreed upon benefits, and with evidence of continuing coverage for affected employees and retirees in the succeeding City sponsored plans. The City makes no commitment to any future arrangement of City administered medical insurance should the union plans be discontinued by the union's actions.
9. The City retains the right to terminate the sponsorship by the unions of any health plan as a result of any legislation that would require the City to provide plans to its employees or pay penalties in lieu of providing such plans, for example, as under the Affordable Care Act or any additional or successor legislation
10. Existing limits on City contributions to medical/dental/vision (agreed or imposed) remain unchanged.
11. It is understood that once the unions obtain quotes for coverage, the parties will meet and confer regarding significant issues regarding the implementation and viability of such plan, including, but not limited to the following:
 - Coverage of "tail" claims; Fully fund all reserves for Incurred but Not Reported and Pended Claims
 - Calculation and method of paying administrative costs;
 - Hold harmless to City for any actions taken by vendor/union coalition;
 - Union plan may discontinue Original Plan benefits for retirees.

The City retains the right to accept or reject any union proposals on a union sponsored plan(s) during meet and confer following union receipt of bids, based upon financial, operational, legal or coverage concerns.

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IN WITNESS WHEREOF this Memorandum of Understanding was ratified by a membership vote of the Association on _____, 2012 and by an affirmative vote of the Stockton City Council on _____, 2012. The SPOA and the City of Stockton have hereto executed this Memorandum of Understanding this ____ day of _____, 2012.

For the City of Stockton:.....For the Stockton Police Officers Association

November 20, 2012

**MEMORANDUM OF UNDERSTANDING BETWEEN THE STOCKTON POLICE
OFFICERS ASSOCIATION AND CITY OF STOCKTON**

TERM: July 1, 2012 – June 30, 2014

This agreement (the "Agreement" or "MOU") is made and entered into as of November __, 2012 by and among the City of Stockton, California (the "City" or "Stockton") and the Stockton Police Officers Association ("SPOA"), sometimes collectively referred to as the "Parties."

INTRODUCTION

A. The Parties have been in negotiation over the terms of a successor to the parties' prior MOU that expired June 30, 2012 as well as the treatment of the claims of members of the SPOA in bankruptcy that arose as a result of the City's imposition of compensation reductions during the term of the prior MOU.

B. Beginning on March 27, 2012, the City commenced the "AB 506 process" in order to avoid and, if necessary, to qualify for, a chapter 9 bankruptcy filing. The initial phase of the AB 506 process lasted 60 days, as mandated by statute. Cal. Gov't Code § 53760.3(r). Upon the agreement of the majority of the City's creditors who participated, the AB 506 mediation process was extended by an additional 30 days. Cal. Gov't Code § 53760.3(r). Despite good faith efforts by the City and the interested parties, when the AB 506 process concluded on June 25, 2012, the City had not "resolved all pending disputes with creditors." Cal. Gov't Code § 53760.3.

C. During the AB 506 process, the City presented to all the interested parties a 790-page "ask" ("Ask"), which contained specific proposals relating to each participant as well as to other creditors that chose not to participate. The Ask was similar to a plan of adjustment in that it disclosed to all creditors how the City viewed the claims of each and the likely resolution of such claims in a proposed bankruptcy plan of adjustment. Although no settlement was reached, the AB 506 process used the Ask as a baseline for negotiations, and the Ask functioned in part as a de facto draft plan of adjustment that described to all major creditors the treatment of the individual claims.

D. On June 26, 2012, the City Council adopted a "Pendency Plan" budget ("Pendency Plan"), which was based upon the detailed provisions of the Ask.

E. The City filed a chapter 9 bankruptcy petition on June 28, 2012. By order dated July 11, 2012, the Bankruptcy Court appointed the Honorable Judge Elizabeth Perris ("Judge Perris") to serve as judicial mediator in the chapter 9 case. The Parties conducted four days of mediation with Judge Perris, ending on November 2, 2012. The Parties used the Pendency Plan as a starting point for negotiations to create a new 2012-2014 Memorandum of Understanding. During this successful mediation process, the Parties continued earlier extensive efforts at settling disputes between them, both in the AB 506 process, and in extensive parallel negotiations relating to the SPOA's

collective bargaining agreement(s) with the City, and reached a settlement covering all disputes.

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.

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 administrative 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), 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.~~

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.

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.

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.

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 consistent with Civil Service Rule VII Certification and Appointment pertaining to Police safety positions, currently in effect.~~

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 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 classification 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.

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 starting at step two (2) with the Director of Human resources 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.

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 calendar 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, 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, except in cases where the City determines that the basis of the compensation issue was a result of a clerical error, the adjustment shall be no more than three hundred and sixty-five (365) 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.

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 cases~~ 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 (child as defined as biological, step, foster or adopted child; a legal ward; child of domestic partner; a child to whom the employee stands in loco parentis), ~~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 ~~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.~~

Except as provided in section (h) before, all sick leave shall have no cash value upon separation of employment and employees shall not

be allowed to cash out unused sick leave. Current employees shall be eligible for CalPERS service credit for unused sick leave at retirement. Employees hired after the City amends its CalPERS contract to eliminate service credit for unused sick leave shall not be eligible for that service credit.

(h) Sick Leave Retention Benefit.

If, after subtracting the equivalent of one full year of service credit (2080 hours), which may be applied to CALPERS service credit, any balance remaining upon separation shall be paid as follows to employees who have remained in City service until the dates specified:

- (1) Separation prior to July 1, 2014, no payment of unused sick leave at separation shall occur for separating employees before this date;
- (2) Separation between July 1, 2014 and June 30, 2015, payment of unused sick leave which the employee held on 2/16/12 shall be paid at 35% of its cash value to separating employees between these dates; and
- (3) Separation after July 1, 2015, payment of unused sick leave which the employee held on 2/16/12 shall be paid at 50% of its cash value to separating employees after this date.
- (4) Service credit for unused sick leave shall be in accordance with PERS regulations.

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 is required to remain in court to testify 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 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

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 requiring medical care 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 resigned 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 semi-monthly 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.

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.

Employees who, on July 1, 2012, have vacation balances that exceed their maximum shall have until June 30, 2013 to use sufficient vacation satisfy the maximum allowed. If an employee does not satisfy the maximum by June 30, 2013, he/she shall retain his/her existing earned vacation, but shall not earn any additional vacation until the employee's vacation balance is under the maximum vacation accrual allowed.

The maximum number of vacation hours that employees on a 40 hour workweek shall accrue are as follows:

<u>Under 1.5 years</u>	<u>120 hours</u>
<u>1.5 – 7.5 years</u>	<u>240 hours</u>
<u>7.5 – 15 years</u>	<u>280 hours</u>
<u>15 – 25 years</u>	<u>320 hours</u>
<u>26 years</u>	<u>328 hours</u>
<u>27 years</u>	<u>336 hours</u>
<u>28 years</u>	<u>344 hours</u>
<u>29 years</u>	<u>352 hours</u>
<u>29 plus years</u>	<u>7 hours each additional year</u>

- (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 Cash Payment Option. An elect to receive cash payment for up to a maximum of forty (40) hours of his/her 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.~~

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 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 may 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) 62 Furlough Hours. Effective the pay period that includes July 1, 2012 through June 30, 2014, each employee shall take sixty two (62) unpaid furlough hours in each fiscal year in accordance with (c) and (d) of this section for a total of one hundred and twenty four (124) hours of unpaid furlough hours. The parties agree that the City shall have the complete authority to reduce or eliminate, but not increase the 62 hours per fiscal year furlough requirement, at any time during the term of this contract upon written notice from the City to the SPOA.
- (b) Equalized Payroll Deductions. Payroll deductions for the sixty two (62) furlough hours per fiscal year of this contract described in section 10.4, paragraph (a) herein above shall be equalized so that each bargaining unit employee shall have three percent (3%) of 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. On or after the first pay period in July of 2012 and July of 2013, sixty two (62) furlough hours per fiscal will be placed in

a furlough bank. There shall be no cash value provided for any furlough hours since the start of the furlough program in 2009 and all furlough bank hours shall be used in accordance with 10.4 d below.

- (d) Use of Furlough Hours. All furlough leave shall be scheduled in advance with the employee's supervisor. All Furlough must be scheduled and used prior to the date of separation in accordance to City's leave policies.

- (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 Authorization

All compensable overtime must be authorized by the Chief of Police or the Chief's 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 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 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 ~~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.
- (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.
- (c) Hours worked shall include all actual time worked. Furlough hours taken, holiday hours taken and observed holidays where the City is closed shall be considered as time worked and those positions in this unit are not required to report to work. Sick leave, vacation, or other compensated time off shall not be considered as 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 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 Standby Compensation for Time Worked

Employees shall not simultaneously receive compensation for court appearance, voluntary court standby, standby, or call back pay provided in Sections 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.~~

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.

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.

For employees on 4/10 alternative work schedule, employees may flex the remaining two hours of a scheduled holiday within the same FLSA work period with prior approval of their supervisor.

For employees on 9/80 alternative work schedule, employees may shift their work schedule so that their eight (8) hour day falls on designated holiday with prior approval of their supervisor.

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) Legacy employees hired on or before December 31, 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. Such amounts will be applied to the employee's individual account in accordance with Government Code section 20691.

- ~~(d)~~ **(e) 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 plan (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).~~

13.34 P.E.R.S. Fourth Level Of 1959 Survivor Benefits

The City will make application to provide 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.

13.45 P.E.R.S. 3% At Age 50 Retirement for Employees Hired on or before December 31, 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 PERS Benefits for Employees hired on or after January 1, 2013

(a) Employees hired on or after January 1, 2013 shall be subject to the new AB340 PERS pension formula of 2.7%@57 with no optional pension enhancements. Employees shall pay 50% of the City normal cost rate for the 2.7% @57 as determined by CalPERS.

(b) As soon as administratively possible, the City shall amend its CalPERS contract to eliminate sick leave conversion and the enhanced survivor benefits for all employees hired on or after the effective date of the contract amendment.

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, 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.~~

13.810 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 July 1, 2012, Section 13.8(a) through (f) are modified as follows:

Employees who are receiving Longevity Pay as described above shall have their Longevity pay reduced an additional 4% effective July 1, 2012, except that individuals whose 2011 reduction of the following amounts (Reductions of Longevity pay, elimination of Master Officer Pay, elimination of Educational Incentive and payment

of employees PERS contribution) was 22% shall have their Longevity amount reduced by 1%. The longevity increment pay shall remain frozen at this level and no additional increments shall be earned nor additional persons shall qualify for this pay.

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.~~

The 5% Longevity Pay received by Sergeants is frozen effective July 1, 2012 and no additional persons shall qualify for this pay.

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.)

13.914 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.

13.1045 Motorcycle Officer Compensation

Effective the first full pay period after the effective date of this contract, employees assigned motorcycle responsibilities shall be paid a maximum of eight (8) four and one-quarter (4.25) 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.

13.1146 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.

13.1247 SWAT Compensation

Effective July 1, 2005 Effective the first full pay period after the effective date of this contract, the pay for unit members assigned to SWAT shall be paid a maximum of five ~~(5)~~ **four and one-quarter (4.25)** hours per month at the rate of one and one-half (1-1/2) time.

13.1348 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.~~

13.1424 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.

13.1522 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.

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. As soon as administratively possible after the ratification and adoption of this MOU by the City Council, an HMO (Kaiser) will be added as a plan choice for employee's in this unit.

- 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 (see Appendix B for details of Plan modification).
- f. It is understood that a coalition of the City's unions, including SPOA, are exploring the possibility of providing a health plan for all city employees and retirees, independent from the City. On or before October 1, 2012, the Unions shall notify the City of whether they in fact are proposing to assume the provision of medical plans for employees and retirees. Should the City and unions in fact agree upon the unions administering their own plan, the terms of that assumption shall be established through meet and confer, as set forth in the Appendix C. The terms of such plan, once agreed upon shall supersede this section to the extent inconsistent, provided the City's contribution to such plan for active employees in this unit shall not exceed the maximum contributions set forth subsection c.

~~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.~~

~~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 his/her 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.

The City shall provide to employees retiring from the City the following contribution towards the cost of retiree medical insurance from July 1, 2012 through 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.

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. a. Retirees may enroll themselves or their dependents at their own expense in City sponsored medical plans only (dental and vision are not offered to retirees). The City reserves the right to set benefit levels in medical plans for retirees and at its exclusive option only provide fully insured plan choices to retirees for enrollment. The City reserves the right to discontinue inclusion of retirees in City sponsored medical plans at any time.

b. The City's commitment to provide retiree medical benefits during the 2012-2013 fiscal year 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 have 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 retiree.

~~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. 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 agrees 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 retiree will be required to sign a form that indicates 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. As with 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. Refer to section 14.2 regarding Elimination of Retiree Medical Plan effective June 30, 2013.

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.

If portions or whole of the Federal Affordable Care Act is modified subsequent to the adoption of this memorandum of understanding, the City and POA will meet and confer over any identifiable negotiable impact to those modifications.

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 **\$108.376 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 **\$54.198 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 Retiree Medical Trust

The City will cooperate with the SPOA to amend the documents related to the SPOA Retiree Medical Trust ("RMT") to reflect that the City relinquishes all of its right to designate any trustees under the RMT and any and all rights, obligations, or responsibility under the RMT so that only the SPOA designated Trustees will administer the RMT.

The City has no objection to the transfer of all current assets in the RMT to another trust (the "Receiving Trust") selected by the SPOA designated RMT Trustees so long as the Receiving Trust agrees to hold those assets for the exclusive benefit of eligible retirees. Further, the SPOA and the City agree that the transfer of assets will be contingent on the SPOA and Receiving Trustees agreeing that on and after the transfer of the assets of the RMT to the Receiving Trust (i) the City's only obligation with respect to such Receiving Trust will be to make any agreed upon contributions to the Receiving Trust, and (ii) the SPOA and the Receiving Trustees further agree. that on and after the transfer of the assets of the RMT to the Receiving Trust, to indemnify and hold harmless the City and the City designated trustees from any claim whatsoever by the SPOA, any unit member, or any beneficiary of the Receiving Trust with respect to the Receiving Trust. Such claims include, but are not limited to, (i) any claim for benefits under the Receiving Trust or any plan funded by the Receiving Trust, (ii) any claim regarding the administration of, or fiduciary duties under, the Receiving Trust, (iii) any claim regarding the tax treatment of contributions to the Receiving Trust (so long as the City complies with applicable federal law and guidance from the Internal Revenue Service), and (iv) any claim regarding the terms of the Receiving Trust or selection of trustees.

The City's obligation to contribute to the RMT has ceased. The City agrees to meet and confer at the request of the SPOA with regard to a contract amendment for employee contributions to be made to the Receiving Trust to provide medical care benefits for retirees in a manner that will make the employee contributions excluded from employee's income tax whether that means they will be by salary reduction whereby the employee forgoes salary in exchange for the contribution or salary deduction whereby the employee contribution is deducted from the employee's paycheck . No contributions will be made to the Receiving Trust until the tax consequences of such employee contributions to such Receiving Trust are resolved.

The rights of unit members to distributions and amounts of those distributions from the RMT or the Receiving Trust shall be determined under the terms of the trust plan document and Section 14.4 of the prior labor agreement except to the extent modified by this Agreement.

14.56. 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.~~

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.

15.12 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.

15.23 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.

15.34 Salary Equivalentents

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.

15.5 Effective July 1, 2005 – Salary Step Plan – Police Officers Appointed On Or After January 1, 1999

~~There shall were be nine (9) salary steps for the classification of Police Officer, however, salary steps 1, 2, and 3 for Police Officers shall be were eliminated after the effective date of this plan July 1, 2012. Any and all references in this plan to steps 1-3 for Police Officers shall be adjusted accordingly. There shall be six (6) salary steps for the classification of Police Sergeant. Eligible employees will be moved to the next step every 12 months. Any reference in this plan-MOU to a different schedule for step increase shall be adjusted accordingly. 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.

All step references below are to the salary schedule for the Police Officer classification. Non-Sworn Police Officer Trainees are hired at the rate identified in the single step salary classification for Police Officer Trainee.

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 employee's satisfactory completion of twelve (12) months service at the first salary step and upon the written recommendation of the department head. ~~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 twelve (12) 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 twelve (12) 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 twelve (12) 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 twelve (12) 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.

15.910 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 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

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 City Hall within forty-five (45) minutes.

SECTION 17. SEVERABILITY OF PROVISIONS

In the event that any provision of the 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 MEMORANDUA 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, and shall remain in full force and effect to and including the 30th day of June, 2014.

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.

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.

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.

SECTION 23. CONDITIONAL AGREEMENT RE PLAN SUPPORT AND TREATMENT OF CLAIMS

1. Confirmation of Plan. The City agrees to use its best efforts to obtain confirmation of, and to implement, a plan of adjustment ("Plan") that is consistent with the terms of this MOU, or as applicable, its successor MOU. All of the provisions of this Article except 2(c) shall be null and void in the event that the Plan contemplated by this Agreement is not confirmed and does not become effective.

2. SPOA's Claims. SPOA alleges that its members have claims in the bankruptcy case against the City relating to the City's modification of its 2009 Memorandum of Understanding ("2009 MOU"), pursuant to Declarations of Fiscal Emergency beginning on or about May 26, 2010 and continuing in effect thereafter, and in connection with the treatment of the claims of SPOA and its members under the Pendency Plan (collectively, the "Claims"), and that, in the aggregate, the Claims exceed thirteen million dollars (\$13,000,000). The City disputes the Claims and contends that the Claims would not be allowed in the chapter 9 case. It further asserts that, if the Claims were allowed, they would be allowed in an amount aggregating less than thirteen million dollars (\$13,000,000).

In consideration of resolving the above differences and agreement on the MOU, the City agrees that the Claims shall be provided for in the Plan as follows:

- (a) The Claims will be deemed allowed in the chapter 9 case in the aggregate amount of eight million, five hundred thousand dollars (\$8,500,000) (the "Allowed Claims"). In consideration for the reduction in the amount of the Claims, SPOA members employed during fiscal year 2010-2011 and/or 2011-2012 shall be credited , upon final approval of the MOU by the Parties and, if necessary, by the Bankruptcy Court, twenty-two (22) additional hours of paid leave in fiscal year 2012-2013. These additional hours of paid leave shall have no cash value and shall be utilized any time prior to the date upon which the SPOA member leaves employment with the City. Only those employees who were employed during some portion of the period July 1, 2010 and July 1, 2012 and who were still current employees upon the effective date of this Agreement shall be entitled to this treatment.
- (b) The Allowed Claims shall be satisfied under the Plan by the City by crediting SPOA members employed during fiscal year 2010-2011 and/or 2011-2012, eleven (11) additional paid leave hours in the fiscal year of approval of the Plan and eleven (11) additional paid leave hours in the fiscal year after approval of the Plan. This benefit shall only apply to those employees who were employed during some portion of the period July 1, 2010 and July 1, 2012 and who are current employees as of the date the Plan is approved by the Bankruptcy Court. The total additional paid leave per SPOA member

under paragraphs 2(a) and 2(b) of this article shall equal forty-four (44) hours. These additional paid leave hours shall have no cash value, and shall be utilized any time prior to the date upon which the SPOA member leaves employment with the City. It is understood that the provision of these hours shall be the sole compensation for the Claims of SPOA and its members. The additional twenty-two (22) hours additional paid leave credit contained in this paragraph 2(b) shall be contingent upon confirmation of the Plan and on the Plan becoming effective.

- (c) Notwithstanding the foregoing, in the event that the Plan is not confirmed and does not become effective, the Claims shall not be allowed as specified herein, and both SPOA and the City agree that the Claims will be considered unresolved, with each Party reserving the right to assert or contest the Claims; provided, however, that the monetary equivalent of any paid leave hours taken pursuant to this Article shall serve as a credit against the Claims.

3. Implementation of 2012-2014 SPOA MOU. The City shall include in its proposed Plan provisions that give effect to, and comport with the terms of this Agreement.

4. Plan Support. SPOA agrees to use its best efforts to support the Plan, the provisions of which include the treatment of the Claims as described above, and which are consistent with the terms of the MOU. SPOA's support for the Plan shall include statements in papers filed in the Bankruptcy Court and in appearances by its counsel in Bankruptcy Court. SPOA shall use its best efforts to cause its members to vote to approve the Plan, to withdraw any proofs of claim they have filed which are inconsistent with the MOU and not object to, or otherwise commence any proceeding against, or take any other action opposing any of the terms of the MOU, the Plan or any disclosure statement filed in connection with the Plan. At the City's request, such support may also include the execution by SPOA of an agreement to recommend that its members vote in favor of the Plan.

5. Further Assurances. The Parties agree to execute and deliver such other instruments and perform such acts, in addition to the matters herein specified, as may be reasonably appropriate or necessary, from time to time, to effectuate the agreements and understandings of the Parties, whether the same occurs before or after the date of this Agreement.

6. Release of Claims. Except for the Parties' respective obligations stated in the MOU, SPOA, on behalf of all employees in its bargaining unit, and the City hereby release and discharge each other, and their respective past or present parents, subsidiaries, successors, predecessors, assigns, and their respective officers, directors, employees, agents, attorneys, and each of them, from and against any and all defenses, claims, demands, losses, damages, and causes of action of whatever kind or nature, whether known or unknown, suspected or unsuspected, which either of them

CITY OF STOCKTON

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MEMORANDUM OF UNDERSTANDING

may now or hereafter have against the other in any way related to the Claims and or Litigation Claims (as such term is defined below). This release shall include, but is not limited to, within thirty days of approval of the Plan, dismissing with prejudice litigation and cross litigation claims ("Litigation Claims") pertaining to San Joaquin County Superior Court case number 39-2010-00245197-CU-WM-STK, San Joaquin Superior Court Case number 39-2010-00253803 and Third Appellate District appellate case numbers C070347 and C068723. These cases shall remain stayed until the occurrence of the effective date of the Plan or the dismissal of the chapter 9 case. The Parties agree to waive any and all claims for attorneys' fees or costs associated with the Litigation Claims.

The Parties, and each of them, hereby waive the provisions of Section 1542 of the California Civil Code, which 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.

The Parties, and each of them, understand that if the facts with respect to which this release is given turn out to be different from the facts now known or believed by either of them to be true, each of them expressly assumes the risk of the facts turning out to be different, and agrees that this release shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

This release shall be binding upon and inure to the benefit of the Parties and their respective past or present parents, subsidiaries, successors, predecessors, assigns, and their respective officers, directors, employees, agents, attorneys, including but not limited to all bargaining unit employees, and each of them.

This release shall not apply to any pending disciplinary cases, or grievances pertaining to those disciplinary cases, but shall apply to any lawsuits filed related to those disciplinary cases.

7. Resolution of Dispute regarding the Property at 1132 N. Country Club Rd., Stockton, CA ("the Property"). SPOA shall continue renting the Property to third parties. No SPOA member, family member, agent or person within SPOA's control shall apply to rent the Property.

- a) In renting the Property, SPOA shall utilize a licensed third party rental agent not affiliated with SPOA or its agents.

- b) SPOA shall sell the Property not later than November 1, 2015, unless this provision is waived in writing by the City.
- c) The Property shall be maintained in its present state and SPOA shall exercise its best efforts to ensure that its tenants not interfere with the City Manager's quiet enjoyment of his home.
- d) SPOA shall not seek to change the use of the Property as a single family residence (maximum two unrelated adults, or two adults and two children).
- e) Notwithstanding the effective date and expiration date of the MOU, this section 7(a) shall be effective November 1, 2012, and shall apply to the SPOA's current efforts to lease the Property. It shall expire upon the sale of the Property, unless otherwise agreed by the Parties.

8. No Admissions. Except to acknowledge responsibility to perform the terms of this Article or to enforce those terms, the Parties agree that nothing contained in this Article or any action taken or the failure to take any action pursuant to this Article ever is to be construed as an admission or evidence tending to establish the validity of either Party's claims, including the initial Claims.

9. Rules of Construction. The Parties agree that any rule of construction to the effect that ambiguities are resolved against the drafting party shall not apply to the interpretation of this Article, since both Parties have reviewed it with counsel of their respective choice. Otherwise, this Article shall be governed by and interpreted in accordance with the law of the State of California and the Bankruptcy Code.

SECTION 24. 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 and a specifically contradictory term of this Agreement. Existing written policies, rules, regulations, ordinances and resolutions 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 consent of the City and the Association in a written and signed amendment to this Agreement.

APPENDIX A

SALARY SCHEDULE

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.)~~

APPENDIX A

SALARY SCHEDULE

Job Classification	Salary Steps					
	1	2	3	4	5	6
Police Officer	4,970.39	5,225.81	5,494.96	5,776.54	6,074.37	6,385.88
Police Officer Recruit	4,275.10					
Police Officer Trainee	4,275.10					
Police Sergeant	5,876.26	6,179.04	6,495.54	6,829.48	7,180.86	7,549.69

APPENDIX B: City of Stockton Modified Employees Medical Plan with Medical Plan Changes Effective September 1, 2011

Plan Feature	Coverage Amount	
	When Provided by a Participating Provider	When Provided by a Non- Participating
Calendar year deductible <i>(only Allowable Charges for Covered Services in Article 3 of this document can be applied toward the deductible)</i>	\$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 <i>(only Allowable Charges for Covered Services in Article 3 of this document can be applied toward the out-of-pocket maximum))</i>	\$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	50% of Allowable Charges after a copayment of \$200 per
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 (refer to Article 1 for the Plan's definition of	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 definition of Emergency)
Skilled Nursing Facility	80% of Allowable Charges after a copayment of \$75 per	50% of Allowable Charges after a copayment of \$200 per

Outpatient therapy <i>(physical, respiratory, cardiac & speech)</i>	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
Mental or nervous disorder		
Inpatient confinement	80% of Allowable Charges after a copayment of \$75 per	50% of Allowable Charges after a copayment of \$200 per
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	50% of Allowable Charges after a copayment of \$200 per
Outpatient services	80% of Allowable Charges	50% of Allowable Charges
Outpatient diagnostic radiology &	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	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 definition of
Surgery	80% of Allowable Charges	50% of Allowable Charges
Anesthesia and its administration	80% of Allowable Charges	50% of Allowable Charges
Preventive Care (<i>physical exam, screenings, tests & immunizations as recommended by certain government agencies – refer to the definition of Preventive Care Services in Article 1)</i>	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 <i>(dependent children are not covered by this benefit)</i>	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

APPENDIX C

Union Proposal to Assume Administration of City Medical Plans (agreement between the City of Stockton and the Employee Coalition representing all City Unions including the SPOA)

City Counter Proposal Regarding Union Assumption of Medical Plans

The City is supportive in concept of the unions taking over responsibility for providing medical insurance plan, and pledges its full cooperation in providing the necessary data to permit the Unions to assess the viability of such a plan. Acceptance of the plan by the City shall be subject to the following terms and conditions:

1. Such plan would not be City sponsored and the City would not have any responsibility for such plan including administration of the plan and client services, and unions/vendor will hold city harmless for any actions taken by vendor or union in its management of their plans. The City will pay its contributions for employee insurance coverage as set forth in individual MOUs and remit them to the plan administrator per any administrative agreement. City will process employee's deductions and remit to vendor and such costs of providing this service is part of administrative expense to be paid by union per any agreement as described in #11 below.
2. Plan participants to pay all administrative costs of the plan, including HR support and computer/data transfer/integration.
3. Such plan would include all city employees and eligible retirees. All plan enrollees would have same benefits, plan choices, eligibility, access to the network and premium costs and be treated in the same manner . The only exception would be for over age 65 retirees where plan benefits would be integrated with Medicare.
4. The plan would be fully insured, such that all risks would be borne by the insuring company without the possibility of underfunding the benefit
5. The Unions will not propose CalPERS medical plans.
6. Implementation shall be by January 1, 2013, provided the Unions provide at least 90 days notice to the City.
7. The City will pay all run out claims from the Modified and Original medical plans with respect to any claim incurred prior to January 1, 2013, regardless of when the claim is paid The City shall make all reasonable efforts to insure that all claims received are processed timely during the claims run out period. If any

funds remain in the ISF fund, the parties will meet to discuss the status of the funds.

8. It is understood that the union plans would stay in effect for at least five years, and the Unions will give the City at least 1 year's notice if they intend to terminate this arrangement. The City may only terminate the agreement with good cause regarding the failure of the plan to provide agreed upon benefits, and with evidence of continuing coverage for affected employees and retirees in the succeeding City sponsored plans. The City makes no commitment to any future arrangement of City administered medical insurance should the union plans be discontinued by the union's actions.
9. The City retains the right to terminate the sponsorship by the unions of any health plan as a result of any legislation that would require the City to provide plans to its employees or pay penalties in lieu of providing such plans, for example, as under the Affordable Care Act or any additional or successor legislation
10. Existing limits on City contributions to medical/dental/vision (agreed or imposed) remain unchanged.
11. It is understood that once the unions obtain quotes for coverage, the parties will meet and confer regarding significant issues regarding the implementation and viability of such plan, including, but not limited to the following:
 - Coverage of "tail" claims; Fully fund all reserves for Incurred but Not Reported and Pended Claims
 - Calculation and method of paying administrative costs;
 - Hold harmless to City for any actions taken by vendor/union coalition;
 - Union plan may discontinue Original Plan benefits for retirees.

The City retains the right to accept or reject any union proposals on a union sponsored plan(s) during meet and confer following union receipt of bids, based upon financial, operational, legal or coverage concerns.

IN WITNESS WHEREOF this Memorandum of Understanding was ratified by a membership vote of the Association on _____, 2012 and by an affirmative vote of the Stockton City Council on _____, 2012. The SPOA and the City of Stockton have hereto executed this Memorandum of Understanding this ____ day of _____, 2012.

For the City of Stockton:

For the Stockton Police Officers Association

