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2 Donna T. Parkinson, State Bar No. 125574
3 Margaret E. Garms, State Bar No. 84938
4 **PARKINSON PHINNEY**
5 400 Capitol Mall, Suite 2560
6 Sacramento, California 95814
7 Telephone: (916) 449-1444
8 Facsimile: (916) 449-1440
9 E-mail: donna@parkinsonphinney.com
10 Counsel for Stockton Police Officers
11 Association and Stockton Police Managers
12 Association

13 UNITED STATES BANKRUPTCY COURT
14 EASTERN DISTRICT OF CALIFORNIA
15 SACRAMENTO DIVISION

16 In re) Case No. 12-32118-C9
17) Chapter 9
18 City of Stockton, California)
19) DCN: JD-1
20 Debtor.)
21) Date: December 10, 2014
22) Time: 11:00 a.m.
23) Judge: Hon. Christopher Klein
24) Courtroom: 35, 501 I Street, 6th Floor
25) Sacramento, CA 95814

26 **DECLARATION OF KATHRYN NANCE IN OPPOSITION TO FRANKLIN’S MOTION**
27 **FOR STAY PENDING APPEAL OF CONFIRMATION ORDER**

28 I, KATHRYN NANCE, declare as follows:

1. I am employed by the City of Stockton as a sergeant in the Police Department. I am also President of the Stockton Police Officers Association (“SPOA”), the officially recognized union representing police officers and police sergeants employed in the Stockton Police Department (collectively, “SPOA Members”). I have worked for the Stockton Police Department for over 18 years, since September 16, 1996, and I have held the position of President of SPOA since 2012. I have been on the Board of SPOA since 2010. If called to testify as a witness, I could and would testify competently to the facts stated herein.

1 2. In my capacity as President of the SPOA, I am well-placed to know the concerns of
2 the SPOA Members. I hear constantly from a wide variety of SPOA Members about their job-
3 related concerns and I solicit their comments so that I can effectively represent the membership in
4 negotiations with the City.

5 3. During the past three years, during the lead-up to the bankruptcy and during the
6 pendency of the bankruptcy, SPOA Members have suffered from increased job stress and
7 increased overtime – meaning less time with their families – due to inadequate staffing levels in
8 the Department. They have suffered anxiety over their job tenure and taken significant cuts in
9 compensation and benefits. Their working conditions have deteriorated, not only because of
10 inadequate staffing, but also because many experienced officers have left, resulting in a decline in
11 the average level of experience. All of these issues have resulted directly or indirectly from the
12 City’s financial difficulties.

13 4. SPOA Members have also been very worried about possible loss of their CalPERS
14 pensions, especially when Franklin Municipal Funds (“Franklin”) asserted that the Plan could not
15 be confirmed because the Plan did not impair pensions. Franklin is, presumably, intending to raise
16 this issue on appeal as well.

17 5. Some of the tension felt by SPOA Members was relieved when the City’s Plan of
18 Adjustment was confirmed on October 30, 2014. But I am very concerned that all of the SPOA
19 Members’ bankruptcy-related concerns will come back if a stay of the confirmation order pending
20 appeal is issued. The tension will cause SPOA Members to varying degrees to continue
21 questioning whether they should just seek a job somewhere else that doesn’t have the problems
22 that the City of Stockton has.

23 6. Because of Stockton’s high crime levels compared to most other communities in
24 California, Stockton police officers have experience that makes them highly desirable in the
25 marketplace. Most SPOA Members could easily get a job with another law enforcement agency;
26 many have already left the City’s employment due to the concerns outlined above, even though
27 they may have had to uproot their families to do so.

1 7. A stay pending appeal will also directly and very negatively affect SPOA Members
2 and what they expect to receive on account of their claims in the bankruptcy.

3 8. A few months after the bankruptcy case was filed, SPOA and the City entered into
4 a Memorandum of Understanding, approved in December 2012 and signed February 13, 2013,
5 covering the period July 1, 2012 through June 30, 2014 (the “Current MOU”). A copy of the
6 Current MOU is submitted herewith as Exhibit A. The Current MOU is, at least in part,
7 contingent upon confirmation and effectiveness of a Plan incorporating it. The Plan as confirmed
8 does incorporate it, but the Plan has not yet become effective and will not become effective if a
9 stay is issued.

10 9. SPOA Members asserted \$13 million of claims in the bankruptcy, resulting from
11 the City’s pre-petition breach of the previous MOU. The Current MOU provides for settlement of
12 these claims by giving each SPOA Member 44 hours of paid time off. To be eligible to take the
13 time off, an SPOA Member had to have been on the payroll during at least part of the period July
14 1, 2010 to July 1, 2012, and the Member must still be on the payroll when he or she takes the paid
15 time off.

16 10. The 44 hours of paid time off to be granted to each SPOA Member under the
17 settlement are granted during certain time periods. Twenty-two hours were granted in fiscal year
18 2012-2013, but the other 22 hours are “contingent upon confirmation of the Plan and on the Plan
19 becoming effective.” These 22 hours are to be granted in two chunks: 11 hours “in the fiscal year
20 of approval of the Plan” and 11 hours “in the fiscal year after approval of the Plan.”

21 11. If a stay pending appeal is issued, the Plan will not become effective until the
22 appeals process is completed. As a result, SPOA Members will not receive their remaining 22
23 hours of bargained-for paid time off until some later date, possibly several years in the future.
24 Such a long delay will further demoralize and anger the membership. They are likely to feel that
25 half of their bargained-for compensation under the Plan has become illusory. This is especially
26 true for SPOA Members who, for whatever reason, may wish to leave or retire from City
27 employment. They will lose the rest of their bargained-for settlement of paid time off altogether,
28 because it must be taken while they are still employed at the City.

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12. The Current MOU expired six months ago. SPOA and the City are in negotiations for a new MOU to cover the period starting July 1, 2014. If a stay pending appeal is granted, effectively canceling the second half of what SPOA Members were supposed to get for their bankruptcy claims, there will be demands for other accommodations to compensate the Members.

I declare under penalty of perjury that the foregoing is true and correct and that this Declaration was executed at Stockton, California, on November 25, 2014.



Kathryn Nance