

**CITY OF SAN JOSE
ASSOCIATION OF MAINTENANCE SUPERVISORY PERSONNEL (AMSP)
BENEFIT & COMPENSATION SUMMARY
JULY 1, 2010 – JUNE 30, 2011**

SALARY/ADDITIONAL RETIREMENT CONTRIBUTIONS

ON-GOING ADDITIONAL RETIREMENT CONTRIBUTIONS

Effective June 27, 2010, all employees who are members of the Federated City Employees' Retirement System will make additional retirement contributions in the amount of **7.47%** of pensionable compensation, and the amounts so contributed will be applied to reduce the contributions that the City would otherwise be required to make for the pension unfunded liability, which is defined as all costs in both the regular retirement fund and the cost-of-living fund, except current service normal costs in those funds. This additional employee retirement contribution would be in addition to the employee retirement contribution rates that have been approved by the Federated City Employees' Retirement System Board. The intent of this additional retirement contribution by employees is to reduce the City's required pension retirement contribution rate by a commensurate **7.47%** of pensionable compensation, as illustrated below:

Federated			
	City	Employee	Total
Current Contribution Rates	29.59%	10.30%	39.89%
Contribution Rates With Additional Employee Contributions	22.12%	17.77%	39.89%

Note: Additional contributions made by employees do not affect the retiree healthcare rates.

ONE-TIME ADDITIONAL RETIREMENT CONTRIBUTIONS (Fiscal Year 2010-2011)

In addition to the retirement contributions specified above, effective June 27, 2010, through June 25, 2011, all employees will make an additional retirement contribution in the amount of **3.36%** of pensionable compensation, and the amounts so contributed will be applied to reduce the contributions that the City would otherwise be required to make during that time period for the pension unfunded liability, which is defined as all costs in both the regular retirement fund and the cost-of-living fund, except current service normal costs in those funds. This additional employee retirement contribution would be in addition to the employee retirement contribution rates that have been approved by the Federated City Employees' Retirement System Board.

TREATMENT OF ADDITIONAL EMPLOYEE CONTRIBUTIONS

Both the on-going and one-time additional retirement contributions shall be treated in the same manner as any other employee contributions. Accordingly, the intent of these additional payments will be made on a pre-tax basis through payroll deductions pursuant to IRS Code

Section 414(h)(2) and will be subject to withdrawal, return and redeposit in the same manner as any other employee contributions.

IMPLEMENTATION OF ADDITIONAL RETIREMENT CONTRIBUTIONS AND MISSED CONTRIBUTIONS

It is the intent of the parties that the employees pay the entire annual amount of the additional retirement contributions for the 2010-2011 Fiscal Year. Since the additional on-going and one-time employee contributions will not be implemented by June 27, 2010, when the additional employee contributions are implemented in the City's payroll system the Finance Department will compute the rate that will generate the total amount of additional retirement contributions over the remaining pay periods in the fiscal year as if the contribution rate had been implemented on June 27, 2010.

For example, if the additional contributions do not begin until August 22, 2010 (pay period #18) the additional employee contributions for each of the subsequent pay periods in the 2010-2011 Fiscal Year will be recalculated by the Finance Department so that 100% of the additional employee contributions are made by the end of the fiscal year.

The parties understand that in order to implement this provision, an amendment must be made to the Federated City Employees' Retirement System that requires an ordinance amending the San Jose Municipal Code. In addition, the parties understand that the City will request that the Federated City Employees' Retirement System Board have its actuary confirm that an increase of the employee contribution will reduce the City's contribution rate by a commensurate amount.

CONTINGENCY PROVISION

In the event that the additional employee retirement contributions described above are not implemented for any reason by October 1, 2010, or the Federated City Employees' Retirement System Board's actuary concludes that the City's contribution rate could not be reduced by a commensurate amount, the equivalent amount of total compensation shall be taken as a base pay reduction and will increase on a pro-rata basis over the remaining pay periods in the fiscal year to achieve the equivalent total compensation reduction.

In the event that the additional employee retirement contributions described above are ceased for any reason thereafter, or the Federated City Employees' Retirement System Board's actuary concludes that the City's contribution rate could not be reduced by the commensurate amount after beginning such deductions, the equivalent amount of total compensation shall be taken as a base pay reduction.

BALANCE TO EQUAL 10% OF TOTAL COMPENSATION

Effective June 27, 2010 through June 25, 2011, all employees shall receive a **3.05%** temporary base pay reduction. This will result in the top and bottom steps of the range being **3.05%** lower.

OVERTIME COMPENSATION

Hours assigned and worked in excess of forty (40) hours per week shall be compensated by overtime pay or compensatory time at 1.5 times the hourly rate for the number of overtime hours worked. Overtime shall be paid at two (2) times the hourly rate for the number of hours worked beyond twelve (12) consecutive hours. The employee shall request, and the City shall have the

option to approve or not approve, overtime compensation in the form of overtime pay or compensatory time.

STANDBY AND CALLBACK PAY

Employees earn one (1) hour of overtime for pay or compensatory time off per eight (8) hour shift of standby duty. When called back to work, employees earn a minimum of three (3) hours of callback pay in addition to the one (1) hour of standby compensation for the eight (8) hour shift.

SHIFT DIFFERENTIAL

Eligible employees, as defined herein, shall be paid a Shift Differential of \$1.50 per hour for each eligible hour, as defined herein, to the nearest fifteen (15) minutes, of work performed.

To be eligible for payment of Shift Differential, an employee must be assigned to an on-going, regular shift of eight (8) hours or more which is regularly scheduled to start between the hours of:

- 2:00 p.m. and 11:59 p.m. (i.e. swing shift)
- 12:00 midnight and 5:59 a.m. (i.e. graveyard shift)

If the employee's shift starts within the time period defined above, the employee shall be compensated with Shift Differential for the number of hours actually worked.

BILINGUAL PAY

An employee who is required to use a non-English language on a regular basis may be eligible to receive a bi-weekly payment of \$29 for oral only bilingual or \$40 per pay period for oral/written translation. Employee must be certified as bilingual by the Human Resources Department.

MANAGEMENT PERFORMANCE PROGRAM (MPP)

The Management Performance Program is an employee evaluation system that provides performance based wage increases in addition to the negotiated general wage increases.

Each employee who is not already at the top of the pay range for his/her current classification may be eligible to receive a performance based increase for the rating period. Each employee is eligible to receive up to forty (40) hours executive leave in recognition of outstanding performance as part of the annual performance evaluation. Please refer to City Policy Manual (CPM) Section 3.3.2 for the complete policy.

Employees in AMSP will not be receiving any performance-based increases in Fiscal Year 2010-2011.

PROFESSIONAL DEVELOPMENT PROGRAM (PDP)

Each eligible employee may be reimbursed for 100% of expenses incurred, up to \$500 per fiscal year (July 1 – June 30), pursuant to the terms and conditions of the Professional Development Program for employees represented by AMSP as described in CPM Section 4.3.5.

PROFESSIONAL MEMBERSHIPS

Each employee is eligible for reimbursement for membership fees or dues paid for the maintenance of a license required to perform employee's job and for dues paid for membership in one (1) additional job-related professional association.

*Temporary employees **are not eligible** for this benefit.*

ACTING ASSIGNMENT

Upon specific written assignment by the Department Director, or his/her designated representative, with prior written approval, a full-time employee may be required to perform the duties of a full-time position, in an acting capacity, the duties of a higher classification. Such assignments shall be made to existing authorized positions that are not actively occupied due to the temporary absence of the regularly appointed employee.

Employees specifically assigned in writing to duties of a higher classification as specified above shall be compensated at the rate in the salary range of the higher classification, which is approximately equal to five percent (5%) higher than the rate received by the employee in the employee's present class. The employee shall not receive the rate of compensation, however, unless the assignment is for a minimum of three (3) consecutive months. In the event an assignment is anticipated to be less than three (3) consecutive months, but is extended to three months or longer, retroactive compensation for the first three (3) months shall be considered on a case by case by the City Manager or designee.

RETIREMENT

Full-time eligible employees are members of the Federated City Employees' Retirement System. For more information regarding retirement benefits, please refer to the Federated City Employees' Retirement System Handbook, which summarizes the information from the San Jose Municipal Code.

The Federated Retirement System provides eligible employees with a monthly allowance as well as medical and dental benefits dependant upon years of service. To be eligible to receive a monthly allowance, the employee must have been employed with the City for a minimum of five (5) years and be at least fifty-five (55) years of age. The Federated Retirement System provides eligible employees with medical benefits after fifteen (15) years of service and dental benefits after five (5) years of service. To review other eligibility options available, refer to the Federated Handbook. The monthly retirement allowance is based on the following formula:

Years of Service x 2.5% x Final Compensation = Monthly Retirement Allowance.

The maximum retirement benefit a retiree may receive is 75% of their final compensation.

Note: Final Compensation is the highest average monthly salary during 12 consecutive months.

See the Federated Retirement Handbook for plan details.

*Part-time and temporary employees **are not eligible** for membership in the City's retirement system, but participate in the "PTC" plan in lieu of Social Security wherein the City and the employee each contribute 3.75% of gross income to a defined contribution retirement account.*

RETIREE HEALTHCARE

Employees may be eligible to receive retiree healthcare benefits, in accordance with the San Jose Municipal Code.

The City and the AMSP agree to transition from the current partial pre-funding of retiree medical and dental healthcare benefits (referred to as the "policy method") to pre-funding of the full Annual Required Contribution (ARC) for the retiree healthcare plan ("Plan"). The transition shall be accomplished by phasing into fully funding the ARC over a period of five (5) years beginning June 28, 2009. The Plan's initial unfunded retiree healthcare liability shall be fully amortized over a thirty year period so that it shall be paid by June 30, 2039 (closed amortization). Amortization of changes in the unfunded retiree healthcare liability other than the initial retiree healthcare liability (e.g. gains, losses, changes in actuarial assumptions, etc.) shall be determined by the Plan's actuary. The City and Plan members (active employees) shall contribute to funding the ARC in the ratio currently provided under Section 3.28.380 (C) (1) and (3) of the San Jose Municipal Code. Specifically, contributions for retiree medical benefits shall be made by the City and members in the ratio of one-to-one. Contributions for retiree dental benefits shall be made by the City and members in the ratio of eight-to-three. When determining the contribution rates for the Plan, the Plan actuary shall continue to use the Entry Age Normal (EAN) actuarial cost method and a discount rate consistent with the pre-funding policy for the Plan as outlined in this section.

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

It is understood that in reaching this agreement, the parties have been informed by cost estimates prepared by the Federated City Employees' Retirement System Board's actuary and that the actual contribution rates to reach full pre-funding of retiree healthcare will differ. The phase-in to the ARC shall be divided into five steps (using a straight line method), each to be effective on the first pay period of the City's fiscal year in each succeeding year. The first increment of the phase-in shall be effective on June 28, 2009. It is understood that because of changes resulting from future actuarial valuations, the amount of each increase may vary upward or downward. The City and Employee Organization agree that the Plan member cash contribution rate shall not have an incremental increase of more than .75% of pensionable pay in each fiscal year and the City cash contribution rate shall not have an incremental increase of more than .75% of pensionable pay in each fiscal year. For example, if the members' contribution rate is 4% of pensionable pay, the subsequent fiscal year's contribution rate for retiree healthcare cannot exceed 4.75% of pensionable pay. Notwithstanding the limitations on the incremental increases, by the end of the five year phase-in, the City and plan members shall be contributing the full Annual Required Contribution in the ratio currently provided under Section 3.28.380 (C) (1) and (3) of the San Jose Municipal Code.

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

Benefits Account in accordance with IRS limitations. If the Trust is not established prior to reaching the IRS limitation, the parties agree to meet and discuss alternative funding vehicles.

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

Healthcare Cost Mitigation:

The parties agree to commence meeting and conferring between January 1, 2011, and January 19, 2011, on retiree healthcare benefits for future employees and a medical reimbursement program for future retirees.

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

If no agreement is reached, the parties will follow the impasse procedures set forth in the City of San Jose's Employer-Employee Relations Resolution (#39367) and the Meyers-Milias-Brown Act. The parties understand that this means that the City will have the right to unilaterally implement in the event that no agreement is reached at the conclusion of negotiations and mandatory impasse procedures. The City agrees that a unilateral implementation of retiree healthcare benefits for future employees shall not be effective before July 1, 2011.

DEFERRED COMPENSATION PLAN

To supplement retirement income, employees may put aside a percentage of gross taxable income up to a maximum set by Section 457 of the IRS code and have that money placed in investments on a tax-deferred basis.

Please contact Human Resources, Deferred Compensation Division for the current maximum amount that may be deferred.

Assets under this plan are available only upon retirement, separation from City service, or death. Additional contribution options are available to employees age fifty (50) and older and those within three (3) years of retirement.

HEALTH INSURANCE*

Each employee may select from one of three available plans. The City pays 90% of the cost of the lowest priced plan for the employee or the employee and dependent coverage and the employee pays 10% of the premium for the lowest priced plan.

The following are the co-pays for all HMO plans:

- Office visit co-pay: \$10
- Prescription co-pay: \$5 for generic and \$10 for brand name (The Blue Shield HMO will continue to include \$15 non-formulary drug co-pay.)
- Emergency Room co-pay: \$50

DENTAL INSURANCE*

The City will provide dental insurance for eligible employees and their dependents in accordance with one of the two available plans. Both of these plans are described in detail in the City of San Jose Employee Benefits Handbook and in pamphlets available in the Human Resources Department.

The City pays 100% of the lowest priced plan for the employee or employee and dependent coverage. For any other plan, the City will pay 95% for the employee or employee and dependent coverage.

HEALTH AND DENTAL IN LIEU

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

An employee may choose, during open enrollment or within thirty (30) days of a qualifying event, to drop health and/or dental coverage and receive a payment in-lieu equal to one-half of the City's contribution toward health and/or dental coverage. To qualify, the employee must prove acceptable alternate group coverage and work 35+ hours/week.

VISION CARE

The City will contribute towards vision care benefits for eligible full-time employees up to \$16 per month.

FLEXIBLE SPENDING ACCOUNTS - MEDICAL/DEPENDENT CARE

The City participates in Dependent Care Assistance and Medical Reimbursement Programs. Under these programs, employees may put aside up to \$5000 in pre-tax income to pay for eligible dependent care and may set aside up to \$2500 in pre-tax income for eligible medical care.

LIFE INSURANCE

The City shall pay the full premium for employee coverage equal to two (2) times the employee's annual salary. Additional employee coverage equal to two (2) times the employee's annual salary is available at employee cost. Dependent coverage of \$10,000 for spouse and/or dependent children is also available at employee cost.

*Part-time employees **are not eligible** for this benefit.*

OPTIONAL BENEFITS

Optional benefits are available for employee, spouse/domestic partner**, and children at employee expense. These optional benefits include but are not limited to:

- Personal Accident Insurance
- Long Term Care Insurance
- Commute Assistance Program

Please contact the Human Resources Department for further information.

LONG-TERM DISABILITY

Employees have the option to purchase long-term disability insurance which will subsidize their income in the event of a non-work related injury or illness, after the first thirty (30) or sixty (60) days of said injury or illness. The City does not participate in the State Disability Insurance plan. Therefore, if an employee suffers a non-work related injury or illness and is unable to work, the employee would not receive any compensation. Employees must use accrued leave balances to receive compensation during the thirty (30) or sixty (60) day waiting period when using the long-term disability benefit.

*Temporary employees **are not eligible** to purchase long-term disability insurance.*

EMPLOYEE ASSISTANCE PROGRAM

The City recognizes that professional counseling is an important benefit to assist employees in resolving personal and family issues which may otherwise affect the employee's job performance and well being. Through the EAP, licensed counselors are available to help employees resolve issues and identify strategies for coping with difficult situations.

The City will provide up to five (5) counseling sessions per incident per fiscal year at no cost to the employee.

*Part-time unbenefited and temporary employees **are not eligible** for this benefit.*

SUBSTANCE ABUSE PROGRAM

It is the policy of the City to maintain a safe, healthful and productive work environment for all employees. The City will act to eliminate any substance abuse which increases the potential for accidents, absenteeism, substandard performance, poor employee morale or tends to undermine public confidence in the City's workforce.

The Substance Abuse Policy prohibits employees from reporting to work under the influence of alcohol or drugs, exhibiting symptoms of alcohol or drug use, using, possessing, selling or providing drugs or alcohol while on duty, and employees shall not have their ability to work or be on paid stand-by impaired as a result of the use of alcohol or drugs. Additionally, employees are required to notify their supervisor when any medication or drug they are taking could create an unsafe and dangerous situation. Employees may be requested to submit to a drug and/or alcohol analysis when there is reasonable suspicion that an employee is intoxicated or under the influence of drugs or alcohol.

The City offers self-referral and rehabilitation/treatment options for employees that may be experiencing a problem with alcohol and/or drug use. The City pays 70% of a first occurrence rehabilitation program and the employee pays 30% as approved by the Employee Assistance Program (EAP).

Please refer to CPM Section 1.4.2 for complete policy.

HOLIDAYS*

Full-time employees receive fourteen (14) paid holidays which include:

New Years Day	Columbus Day
Martin Luther King Day	Veterans Day
Presidents' Day	Thanksgiving Day
Cesar Chavez Day	Day After Thanksgiving
Memorial Day	Christmas Eve Day
Independence Day	Christmas Day
Labor Day	New Years Eve Day

In continuous operations which require employees to work on Saturdays and Sundays, when a holiday falls on a Saturday or Sunday, the actual holiday will be observed rather than the City observed holiday.

VACATION

Vacation accrues at the following rates for each paid hour (either worked or paid absence):

Years of Service	Hourly Rate	Annual Hourly Accrual (Full Time)
1 – 5	.057693	120 hours
6 – 14	.076924	160 hours
15+	.096154	200 hours

Employees will continue to accrue vacation at the current rate in accordance with their years of service. Employees may only accrue vacation up to a maximum of two (2) times their annual accrual rate. Once an employee reaches their maximum accrued vacation limit, the employee will not accrue vacation until their vacation balance falls below the maximum limit.

Employees who currently have accrued vacation balances that are in excess of the limits below, will maintain their current balance, however they will not accrue vacation until their balance falls below the maximum limit.

Years of Service	Maximum Accrued Vacation
1 – 5	240 hours
6 – 14	320 hours
15+	400 hours

VACATION SELLBACK

Employees may elect to sell back vacation for a maximum sell back of ninety-six (96) hours of accrued vacation per year.

Please refer to CPM Section 4.2.8 for complete policy guidelines.

PERSONAL LEAVE

Each eligible full time employee is entitled to sixteen (16) hours of Personal Leave per payroll calendar year. Eligible employees hired on or after July 1st shall be entitled to eight (8) hours of Personal Leave in the first payroll calendar year of employment.

Part Time: Each benefited part-time employee shall be entitled to eight (8) hours of Personal Leave per payroll calendar year. Eligible part-time employees hired on or after July 1 shall be entitled to four (4) hours of Personal Leave in the first payroll calendar year of employment.

Unused leave for both full-time and part-time employees does not carry over from year to year.

SICK LEAVE

Paid sick leave accrues at a rate of .04616 for each paid hour (either worked or paid absence). For a full-time employee, this equals approximately one (1) day per month.

Accrued sick leave may be used for the care related to the illness or injury of employee's child, mother, father, spouse, or domestic partner**.

Up to a total of 48 hours of accrued sick leave per calendar year may be utilized if the employee is required to be absent for the care related to the illness or injury of the employee's grandchild, brother, sister, father-in-law, mother-in-law, step-father, step-mother, or step-child.

SICK LEAVE PAYOUT

Members of the Federated Retirement System who retire with at least fifteen (15) years of service are eligible to receive, upon retirement, payout for a portion of their unused earned sick leave at the rate of:

Accrued Sick Leave Hours	Sick Leave Payout
0 – 399 Hours	50% of final hourly rate
400 – 799 Hours	60% of final hourly rate
800 – 1,200 Hours	75% of final hourly rate

If employee's balance is greater than 1,200 hours, employee is also eligible for a payout of 75% of the value of sick leave in excess of 1,200 hours that is earned but unused during the 24 months prior to retirement. Employees with an available sick leave balance greater than 1,471 hours may use up to 80 hours of sick leave during the 24 months prior to retirement without being counted as used time for purposes of calculating the payout benefit beyond 1200 hours.

Part-time and temporary employees are not eligible for this benefit.

MILITARY LEAVE

Persons employed by the City continuously for one year prior to engaging in active military duty for training may take paid military leave for up to 30 calendar days per fiscal year. Please refer to CPM Section 4.2.2 for the complete policy.

DISABILITY LEAVE

If required to be absent from work due to a work related illness or injury, employees may receive a supplement which, when added to the Workers' Compensation Temporary Disability, equals 85% of the employees' base salary, up to a maximum of nine (9) months (274 days or 1560 hours if used intermittently).

*Part-time and temporary employees **are not eligible** for this benefit.*

LEAVES OF ABSENCE

Unpaid leaves of absence may be granted for up to twelve (12) months, with possible extension of up to six (6) months. (Employees on unpaid leave may continue their insurance benefits by paying full premiums.) Please refer to CPM Section 4.2.1 for the complete policy.

BEREAVEMENT LEAVE

Each full-time or benefited part-time employee shall be granted bereavement leave with full pay for up to forty (40) hours to attend to the customary obligations arising from the death of any of the following relatives of such employee or employee's spouse or employee's domestic partner**.

All leave must be used within fourteen (14) calendar days following the death of an eligible person. Under extreme circumstances, the fourteen (14) day requirement may be waived by the Director of Employee Relations. The decision of the Director of Employee Relations shall be final with no process for further appeal.

- Parent/Step parent
- Spouse/Domestic partner**
- Child/Step child
- Brother/Sister
- Step Brother/Step Sister
- Half Brother/Half Sister
- Grandparent/Step-grandparent
- Grandchild
- Great grandparent
- Son/daughter in-law
- Brother/sister in-law

TIME DONATION PROGRAMS

The City has Time Donation Programs, which allow employees to donate accrued vacation to fellow employees under special circumstances. An employee must meet the criteria established under the Time Donation Policy to receive time donations.

Please refer to CPM Section 4.2.10 for the complete policy.

COMMENCEMENT OF NEGOTIATIONS

It is mutually agreed that the first meeting of the parties will be held no later than fifteen (15) calendar days after the City or AMSP receives notice from the other, which may be any date after January 1 of the year in which the current contract terminates.

** Reimbursement/contribution is prorated for part-time employees based on hours scheduled:*

- 30 – 39 hours = 75%
- 25 – 29 hours = 62.5%
- 20 – 24 hours = 50%
- Less than 20 hours = none

***A domestic partner, as referenced in sections above, must be the domestic partner registered with the Human Resources Department.*