

April 26, 2012

Bill Pope  
Business Representative  
Operating Engineers, Local No. 3 (OE#3)  
1654 The Alameda, Suite 110  
San Jose, CA 95126

**RE: Last, Best, and Final Offer**

Dear Bill:

The City is in receipt of your letter dated April 20, 2012, regarding the City's Last, Best, and Final Offer on Healthcare, Medicare Part A and B, and Pension Benefits for New Employees. We would like to acknowledge that OE#3 has "conceptually agreed" to the proposed Pension Benefits for New Employees, and greatly appreciate your organization's acceptance of the proposal. However, we disagree with your assertion that we have not discussed the details of the plan in bargaining. The City engaged OE#3 in negotiations over these issues, and has offered various specific proposals on these matters since last year. These proposals are available online, including all counter proposals the City received from OE#3 related to "Retirement Reform Negotiations:"

<http://www.sanjoseca.gov/employeeRelations/RetirementReform.asp>.

In addition to the City's Last, Best, and Final Offer provided to OE#3 on or about April 16, 2012, please find below the dates and accompanying links of the proposals previously offered by the City to OE#3 specifically on Healthcare and Pension Benefits for New Employees:

**Healthcare**

July 29, 2011

<http://www.sanjoseca.gov/employeeRelations/retirementreform/RetirementReformProposals/ABMEI.CEO.IBEW.MEF.OE3/CityProposalToOE3-HealthcareCostSharingDated07.29.11.pdf>

October 26, 2011

<http://www.sanjoseca.gov/employeeRelations/retirementreform/RetirementReformProposals/ABMEI.CEO.IBEW.MEF.OE3/CityProposalToOE3-HealthcareCostSharingDated10.26.11.pdf>

**Pension Benefits for New Employees**

July 29, 2011	<a href="http://www.sanjoseca.gov/employeeRelations/retirementreform/RetirementReformProposals/ABMEI.CEO.IBEW.MEF.OE3/CityProposalToOE3-RetirementBenefitsForNewEmployeesDated07.29.11.pdf">http://www.sanjoseca.gov/employeeRelations/retirementreform/RetirementReformProposals/ABMEI.CEO.IBEW.MEF.OE3/CityProposalToOE3-RetirementBenefitsForNewEmployeesDated07.29.11.pdf</a>
September 28, 2011	<a href="http://www.sanjoseca.gov/employeeRelations/retirementreform/RetirementReformProposals/ABMEI.CEO.IBEW.MEF.OE3/CityProposalToOE3PensionBenefitsForNewEmployees09.28.11.pdf">http://www.sanjoseca.gov/employeeRelations/retirementreform/RetirementReformProposals/ABMEI.CEO.IBEW.MEF.OE3/CityProposalToOE3PensionBenefitsForNewEmployees09.28.11.pdf</a>
October 26, 2011	<a href="http://www.sanjoseca.gov/employeeRelations/retirementreform/RetirementReformProposals/ABMEI.CEO.IBEW.MEF.OE3/CityProposalToOE3-PensionBenefitsForNewEmployeesDated10.26.11.pdf">http://www.sanjoseca.gov/employeeRelations/retirementreform/RetirementReformProposals/ABMEI.CEO.IBEW.MEF.OE3/CityProposalToOE3-PensionBenefitsForNewEmployeesDated10.26.11.pdf</a>

As noted by the City in its Last, Best, and Final Offer dated April 16, 2012, the City and OE#3 have engaged in negotiations over these matters on about ten (10) occasions, in addition to seven (7) mediation sessions.

Please let me know if you have any additional questions. As a reminder, please be advised that the City has placed the Last, Best, and Final Offer dated April 16, 2012, on the City Council agenda for approval in open session on May 1, 2012.

Sincerely,



Gina Donnelly  
Deputy Director of Employee Relations

c: Alex Gurza, Deputy City Manager