

TO: Honorable Mayor and City Council  
Attention: Laura C. Kuhn, City Manager

FROM: Dawn M. DelBiaggio, Director of Human Resources

**SUBJECT: RESOLUTION ACCEPTING THE EXTENSION OF CURRENT CONCESSIONS  
AND WAGE REDUCTION OFFERED BY THE VACAVILLE POLICE  
MANAGERS ASSOCIATION**

**BACKGROUND:**

Since 2007, the City has been continuing its efforts to reduce General Fund spending in order to better align spending with revenues. However, the economic downturn continues to impact the City's budget with ongoing revenues falling short of ongoing spending. While all bargaining groups have made a variety of concessions in the past to reduce the City's labor costs, revenue shortfalls continue and the City needs to cut spending even further to close the gap between spending and revenues for the 2011-12 budget. The City cannot maintain acceptable public service levels and achieve significant spending reductions without commensurate reductions in employee salaries and benefits.

Beginning in late 2010, the City began negotiations with its bargaining groups as the Memorandums of Understanding (MOU) expired. To date, the City has reached agreement for one-year term successor MOUs with the majority of the bargaining groups to achieve the equivalent of a 5.5% wage reduction for the 2011-12 budget. The agreements include extension of concessions and a reopener on retirement.

**DISCUSSION:**

The Vacaville Police Managers Association (VPMA) MOU expired June 30, 2011. The concessions in place for VPMA also expired June 30, 2011. The concessions included a 3.5% PERS contribution and a suspension of the 1% Performance Award.

The City began negotiations with the VPMA on April 5, 2011 for the purpose of negotiating a successor MOU covering July 1, 2011 through June 30, 2012 and extending concessions. Negotiations were conducted by the City's bargaining team based on direction given by the City Council to management in closed session during the bargaining process. The goal for 2011/2012 Fiscal Year was to achieve savings from the concessions, as well as an equivalent 5.5% wage reduction.

The City met with the VPMA on seven occasions to try and reach agreement. On June 23, 2011, per Council's direction, the City made its Last, Best, Final Offer to the VPMA. The Offer included an option to still reach agreement for a successor MOU. The VPMA was given until the close of business on July 5, 2011 to accept or reject the terms of the option. The VPMA rejected both the option and the City's Last, Best, Final Offer on July 5, 2011 and declared impasse.

Under California Government Code Section 3505.4, if after meeting and conferring in good faith an impasse has been reached, and applicable impasse procedures have been exhausted, a public employer may implement its Last, Best, Final Offer, but may not implement a

memorandum of understanding. Per the City of Vacaville Employer-Employee Relations Resolution (EERR) No. 2008-92, impasse procedures were initiated. The parties agreed to mediation and on August 17, 2011, the City and the VPMA met with Kenneth Glenn of the California State Mediation and Conciliation Service. Although progress was made towards resolution, ultimately no agreement was reached. The parties completed the impasse resolution procedures in accordance with the City's Employer-Employee Relations Resolution.

Since Mediation, the City met with the VPMA on September 23, 2011 in an attempt to reach agreement. In addition, the City's and VPMA's Chief Negotiators have communicated several times in an attempt to reach agreement. The VPMA had expressed a desire to use furloughs as a cost saving measure, so the City has offered a comprehensive package that included furloughs with a combination of salary reductions and/or pre-tax PERS contributions. This comprehensive offer was submitted to the VPMA on October 3, 2011. In addition, the City reduced the new City savings from 12 months to 11 months for purposes of trying to reach agreement and being consistent with the other bargaining groups who have reached agreement. In addition, the City dropped its proposals concerning Callback / Court Overtime, Performance Award Pay and Cashout of Leave at Base Rate from this comprehensive offer.

The City wanted a Retirement Reopener to address two-tier pensions and cost saving measures with respect to retirement costs. The City has a Retirement Reopener with all other bargaining groups who have reached agreement. The City proposed to implement the second tier for VPMA now, rather than have a reopener so the City proposed the second tier of 2% @ 50 for all new hires, average of three highest compensation years and elimination of the Survivor Continuance optional benefit.

On October 26, the VPMA voted to accept the City's October 3rd offer, more specifically as outlined in Exhibit A. This agreement covers a one-year period from July 1, 2011 through June 30, 2012. The proposed Agreement includes suspension of a 1% Performance Award, which was a prior concession. In addition, effective November 1, 2011, VPMA will take one unpaid furlough day per month equivalent to a 3.85% wage reduction and pay an additional 7.62% toward the PERS Employer rate. This PERS contribution is in addition to the 9% Employee portion VPMA members already pay, as well as a 3.5% Employer portion VPMA pays for the Survivor Continuance benefit. The total PERS contribution will be 20.12%. The savings of this package achieves the savings needed for 2011/2012 fiscal year.

Details of the VPMA Agreement are more specifically described in Exhibit A to the attached resolution.

**FISCAL IMPACT:**

The annual savings from the extension of concessions is \$89,193 and the annual savings from the 5.5% equivalent wage reduction is \$169,510, for an 11 month period, for a combined annual General Fund savings of \$258,703.

**RECOMMENDATION:**

By simple motion, that the City Council adopt the subject resolution.

## EXHIBIT A

### TERMS AND CONDITIONS OF EMPLOYMENT BEGINNING JULY 1, 2011 FOR VACAVILLE POLICE MANAGERS ASSOCIATION

The following terms and conditions of employment shall be in effect for Fiscal Year 2011-2012 (July 1, 2011 – June 30, 2012) for City of Vacaville employees in the Vacaville Police Managers Association (VPMA). All other sections not addressed below shall remain as written in the Memorandum of Understanding between the City of Vacaville and the Vacaville Police Managers Association, adopted January 22, 2008. All Side Letters, not modified by these Terms and Conditions, shall remain in full effect.

#### **TERM:**

July 1, 2011 – June 30, 2012

#### **WAGES:**

- Effective November 1, 2011, one 10 hour unpaid furlough day per month on a day to be determined by the Police Department during November, 2011 through June, 2012 for a total of 8 unpaid furlough days during the term of the Agreement. This is equivalent to a 3.85% wage reduction. The Department will work cooperatively with employees to schedule furlough days but will ultimately have the discretion to set and/or reschedule furlough days.
- Employees shall trade 80 hours of PTO time in exchange for 80 hours of unpaid furlough. Employees will retain 16 hours of PTO to be taken during the term of the Agreement. If the hours are not used, they will be lost. They cannot be cashed out or carried over per prior PTO policy.
- The City shall deduct 7.62% of salary from each employee's compensation on a pre-tax basis as an employer PERS contribution. This deduction will be effective November 1, 2011 until June 30, 2012 or until the parties complete the negotiation process for a successor MOU, whichever occurs later.
- FLSA exempt employees lose their exempt status during any seven day FLSA work period during which they serve an unpaid furlough day. As a result, exempt employees may not work more than 40 hours during any seven day FLSA work period without the Police Chief's permission. Furthermore, the Department will attempt to schedule no more than one FLSA exempt employee for unpaid furlough day(s) in any seven day FLSA work period. As a result, the Department will generally call on employees with intact FLSA exemptions to respond to callbacks, critical incidents and other Department needs which extend beyond the regular work schedule.
- The City shall introduce a new pension tier for sworn peace officers with a defined benefit formulation of 2% at age 50 calculated on the average of three years of compensation. The new tier may also not include the Survivor Continuance benefit if the City introduces a new pension tier for the Vacaville Firefighters Association and the Fire Managers Group which also deletes that benefit. The new pension tier shall take effect for bargaining unit employees hired after an effective date to be determined by the City.

## EXTENSION OF CONCESSIONS

- Suspension of 1% Performance Award

## RETIREMENT:

City participates in the Public Employees Retirement System (PERS). Benefits include 3% @ 50 safety formula with the following contracted PERS provisions:

~~Section 20042 — One Year Final Compensation  
Section 20903 — Two Years Additional Service Credit  
Section 21574 — Fourth Level of 1959 Survivor Benefits  
Section 20965 — Credit for Unused Sick Leave  
Section 21024 — Military Service Credit as Public Service  
**Effective August 1, 2008:**  
Section 21548 — Pre-Retirement Option 2W Death Benefit  
**Effective July 1, 2010:**  
Sections 21624, 21626 and 21628 — Post-Retirement Survivor Allowance~~

Section 20042 (One Year Final Compensation)  
Section 20903 (Two Years Additional Service Credit)  
Section 20965 (Credit for Unused Sick Leave)  
Section 21024 (Military Service Credit as Public Service)  
Section 21362.2 (3% @ 50 Formula for Local Safety Members)  
Section 21548 (Pre-Retirement Option 2W Death Benefit)  
Section 21574 (Fourth Level of 1959 Survivor Benefits)  
Sections 21624, 21626, 21628 (Post Retirement Survivor Allowance) **(effective July 1, 2011)**

Minimum requirements for PERS retirement – Age 50 with 5 years of PERS service credit. Employee pays PERS 9% contribution on a pretax basis pursuant to IRC Section 414(h)2. When the City and bargaining unit have a negotiated agreement, Employee also pays 3.5% of salary on a pretax basis pursuant to IRC Section 414(h)2 of the City's PERS contribution to fund the survivor continuation benefit. If the bargaining unit members ever work under an imposed last best and final City offer, employee salary will be reduced by an equivalent amount to fund the survivor continuation benefit.

~~If the Police Officers Association receives the PERS Survivor Continuance benefit during the term of this agreement, the City and the Police Managers Group (PMG) agree to meet and confer to discuss the costs associated with implementation of this benefit for PMG.~~

Regular employees are not covered by Social Security; however, employees hired after March 31, 1986 are required to pay one point four five percent (1.45%) of salary to Medicare which is equally matched by the City.

## HEALTH & WELFARE:

~~The City and Police Managers Group agree to reopen this agreement with respect to Health and Welfare during Fiscal Year 07/08 provided that all employee organizations agree to such a reopener.~~

~~This side letter will confirm the agreements reached between the City and Vacaville Police Managers Group (PMG) through the recent meet and confer process regarding Health and Welfare. The City and PMG agreed to reopen Health and Welfare during Fiscal Year 2007/08 provided that all employee organizations also agreed to a reopener. This side letter of agreement was approved by Council on November 11, 2008.~~

~~The City and PMG agree to modify Health and Welfare in the agreement as follows:~~

~~City contributes the following amounts for employee plus family towards health, dental, vision, and life insurances. Employees are responsible for amounts that exceed the maximum amount paid by City.~~

~~Health Insurance - Maximums (1) - \$ 202.21, (2) - \$ 404.42, (3+) - \$ 525.75.~~

~~The City contributes the above amounts for employee health insurance or the Kaiser or Health Net premium rates, whichever is greater. *Through the duration of this agreement*, the City will contribute an amount sufficient to keep health benefits at a total that will cover the cost of the employee only, employee plus one dependent or the employee plus two or more dependents for the Kaiser plan based on the CalPERS Bay Area/Sacramento Regional rates [but not less than \$470.67 for employee only, \$941.34 for employee plus one dependent or \$1,223.74 for employee plus two or more dependents per month (these numbers are based on the 2008 rates)].~~

~~Beginning January 1, 2009 the City will contribute ninety-six percent (96%) of the current Kaiser rate towards an employee's medical plan premium cost for the selected plan level (employee only, employee plus one dependent or employee plus two or more dependents), with the balance to be paid by the employee on a pre-tax basis. An employee selecting a non-Kaiser plan shall receive the same City dollar contribution as an employee selecting a Kaiser plan, but in no event shall the contribution exceed 100% of the plan premium cost.~~

~~Beginning January 1, 2010 the City will contribute ninety-two percent (92%) of the current Kaiser rate towards an employee's medical plan premium cost for the selected plan level (employee only, employee plus one dependent or employee plus two or more dependents), with the balance to be paid by the employee on a pre-tax basis. An employee selecting a non-Kaiser plan shall receive the same City dollar contribution as an employee selecting a Kaiser plan, but in no event shall the contribution exceed 100% of the plan premium cost.~~

~~Dental Insurance - \$ 77.00 employee plus family, Class 1 benefits. The City agrees to contribute an amount sufficient to cover employee plus family for the duration of this agreement. Beginning on January 1, 2009 employees will contribute twenty five dollars (\$25.00) per month per employee on a pre-tax basis towards the cost of Dental premiums. The City will contribute an amount sufficient to cover the balance of the premium for employee or employee plus family through the duration of this agreement.~~

~~Vision Insurance - Amount sufficient to cover employee plus family, currently \$8.68 single (mandatory) and \$18.76 family. The City will contribute an amount sufficient to cover the premium for employee or employee plus family through the duration of this agreement.~~

~~Life Insurance - The City will contribute an amount sufficient to cover the \$51,233 basic life which is mandatory, currently \$9.22, and the \$20,000 additional optional life. is optional, currently \$4.40.~~

***The City shall make available the opportunity for full-time employees to purchase additional term life insurance for themselves, their spouses and their dependents through a vendor specified by the City. Purchase of additional life insurance and/or spousal and depend life insurance shall be voluntary. Election shall be allowed upon hire and during open enrollment once per year as determined by the City. Premiums shall be paid through payroll deduction.***

#### **Add Section for Short Term Disability**

***The City does not currently participate in the State's Short Term Disability program (SDI). The City shall make available the opportunity for full-time employees to purchase Short Term Disability through a vendor specified by the City. Purchase of Short Term Disability insurance shall be voluntary. Elections shall be allowed upon hire and during open enrollment once per year as determined by the City. Premiums shall be paid through payroll deduction.***

~~*The City and Police Managers Group agree to reopen this agreement with respect to Health and Welfare during Fiscal Year 07/08 provided that all employee organizations agree to such a reopening.*~~

#### **Benefits-to-Base**

~~In 1992, the City eliminated the option to cash out unused health and welfare items for any Employees promoted **or hired** into management after **prior to** June 1, 1992, or hired into management after June 1, 1992. Currently, Eligible employees may cash out up to \$545.00 **\$559.00** in lieu of optional health and welfare items. The cash-out amount shall be adjusted each year at the effective date of the health premiums either by the most recent cost-of-living adjustment applied to salary or the actual dollar increase on the health and dental insurance, whichever is less. In the event the cost of living is higher in another management group, the same percentage shall apply to this group.~~

#### **Double-coverage "Opt Out"**

***As of January 1, 2009***, an employee demonstrating other medical coverage may "opt out" of the City's/CalPERS medical plan and, in consideration, will receive a \$250 monthly City contribution to his/her deferred compensation account. ~~The "opt-out" program will be established no later than January 1, 2009.~~ Employees currently in the "benefits-to-base" program are excluded from this provision.

#### **CalPERS Health Benefit Vesting Program**

~~Effective no later than January 1, 2009 the City will implemented the CalPERS Health Benefit Vesting program. The Vesting program is mandatory for all employees hired on or after that date the CalPERS Health Benefit Vesting program is implemented, and current employees may voluntarily elect to participate in the Vesting program during an annual election process.~~

#### **Establishment of a Trust**

~~The City will established a Trust for purposes of funding City-wide retiree health care costs. The trust shall be funded with an initial deposit by the City of approximately \$3,000,000. Employees' premium share of the health plans and dental plan contributions will be **are** deposited by the City into the Trust.~~

### Termination of Contributions

Employee contributions (premium share and dental plan contribution) shall be discontinued upon full funding of the City's actuarial liability for retiree medical costs.

### Section 125 Plan

The City will implement and maintain for the duration of this agreement, a plan whereby employees may elect to voluntarily contribute to a dependent care assistance program (as prescribed by and within the meaning of Section 125 of the Internal Revenue Code) or an employee welfare benefit plan that provides for health benefits (which are "qualified benefits" within the meaning of Section 125 (e) of the Internal Revenue Code). Such contributions shall be made solely from pre-tax payroll deductions, with no contribution from the City.

### Reopener

~~The City and PMG shall reopen Health and Welfare with respect to medical insurance and health care in July 2010. The City will complete an updated actuarial study by June 2010, and share this information with PMG. The City and PMG will also review the movement of existing employees to the CalPERS Health Benefit Vesting program to determine if the assumption that 75% of employees will move to the CalPERS Health Benefit Vesting program has been achieved.~~

### **HOLIDAYS:**

For the purpose of holidays, a day is defined as eight (8) hours.

Police Lieutenants and Police Sergeants receive 5.7% pay in lieu of holidays (***which includes the two floating holidays***).

~~Police Lieutenants and Police Sergeants shall receive two (2) floating holidays added to their vacation balance each July 1st. Effective July 1, 2008, the two floating holidays shall be converted to pay @ .7% for a total 5.7% holiday pay.~~

### **UNIFORM ALLOWANCE:**

All classifications shall receive \$1,000.00 per year plus \$50.00 per year safety equipment allowance to be paid in a separate check on December 15th.

***Beginning July 1, 2011 the uniform and safety equipment allowances will be paid on a pay period basis. No separate checks will be issued.***

### **Reserved Rights**

- 1) City reserves the right to negotiate changes on Layoff and Re-employment.
- 2) City reserves the right to negotiate changes on Take Home Vehicles.

**RESOLUTION NO. 2011-115**

**RESOLUTION ACCEPTING THE EXTENSION OF CURRENT CONCESSIONS AND WAGE REDUCTION OFFERED BY THE VACAVILLE POLICE MANAGERS ASSOCIATION**

**WHEREAS**, the Vacaville Police Managers Association (VPMA) Memorandum of Understanding (MOU) expired June 30, 2011(as adopted March 25, 2008); and

**WHEREAS**, the VPMA Concessions expired June 30, 2011 (as described in Resolution 2010-36); and

**WHEREAS**, the City and VPMA have agreed to a one-year term Agreement covering July 1, 2011 through June 30, 2012; and

**WHEREAS**, the Agreement provides for a savings of \$258,703 for Fiscal Year 2011/2012, as described in Exhibit A.

**NOW, THEREFORE BE IT RESOLVED** that the City Council approves the Agreement with VPMA.

**I HEREBY CERTIFY** that the foregoing resolution was introduced and passed at a special meeting of the City Council of the City of Vacaville held on the 28th day of October, 2011, by the following vote:

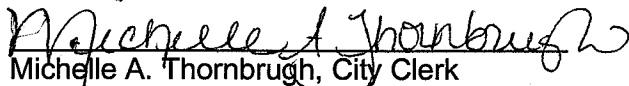
**AYES:** Council members, Harris, Hunt, Mashburn, Vice-Mayor Rowlett and Mayor Hardy

**NOES:** None

**ABSENT:** None

**ATTEST:**

By:

  
Michelle A. Thornbrugh, City Clerk