



**CITY COUNCIL-
REDEVELOPMENT AGENCY
MEMBERS**

Elbert H. Holman, Jr. District 1
Leslie Baranco Martin, District 3
Diana Lowery, District 4

**MAYOR/CHAIR
ANN JOHNSTON**

**Vice Mayor/Vice Chair
Katherine M. Miller, District 2**

**CITY COUNCIL-
REDEVELOPMENT AGENCY
MEMBERS**

Susan Talamantes Eggman, District 5
Dale C. Fritchen, District 6

APPOINTED OFFICIALS

Interim City Manager/Agency Executive Director – Kevin O'Rourke
Interim City Attorney/Agency Counsel - John M. Luebberke
City Clerk/Agency Secretary - Katherine Gong Meissner
City Auditor - F. Michael Taylor

CITY COUNCIL/REDEVELOPMENT AGENCY CONCURRENT AGENDA

DATE: TUESDAY, JUNE 22, 2010

LOCATION/TIME: COUNCIL CHAMBERS, CITY HALL, SECOND FLOOR, 4:00 P.M.

C-1. CC/RD CALL TO ORDER / ROLL CALL

C-2. CC/RD ANNOUNCEMENT OF CLOSED SESSION

C-2.01) PUBLIC EMPLOYEE PERFORMANCE EVALUATION:

Interim City Manager

This Closed Session is authorized pursuant to Government Code Section 54957.

C-2.02) CONFERENCE WITH LABOR NEGOTIATOR

Agency Designated Representatives: Kevin O'Rourke;
Dianna Garcia

Employee Organizations; Unrepresented Units: Stockton City Employees' Association; Operating Engineer's Local 3; Mid-Management/Supervisory Level Unit; Unrepresented Management/Confidential; Law Department; Stockton Police Management Association; Stockton Firefighters Local 456 International Association of Firefighters; Stockton Fire Management, Stockton Police Officers' Association (SPOA)

This Closed Session is authorized pursuant to Section 54957.6(a)
of the Government Code.

C-3. CC/RD PUBLIC COMMENT

C-4. CC/RD ADJOURN TO CLOSED SESSION



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CITY COUNCIL/REDEVELOPMENT AGENCY CONCURRENT AGENDA

DATE: TUESDAY, JUNE 22, 2010

LOCATION/TIME: COUNCIL CHAMBERS, CITY HALL, SECOND FLOOR, 5:30 P.M.

1. CC/RD **CALL TO ORDER/ROLL CALL**
2. CC/RD **REPORT OF ACTION TAKEN IN CLOSED SESSION**
3. **INVOCATION/PLEDGE TO FLAG**
4. **PROCLAMATIONS/COMMENDATIONS/CITY ANNOUNCEMENTS OR INVITATIONS**

4.01) PROCLAMATION: National Mens Health Month - June 2010

RECIPIENTS: Sammy Nunez, Executive Director Fathers & Families of San Joaquin

5. **CITIZENS' COMMENTS, ANNOUNCEMENTS OR INVITATIONS***

6. CC/RD **CONSENT AGENDA**

6.01) CC Resolution to execute a Letter of Agreement between the City of Stockton and the STOCKTON CITY EMPLOYEES' ASSOCIATION to provide concessions and modification of its Memorandum of Understanding as a result of the City's current budget crisis.
(HR)

- 6.02) CC Resolution approving and adopting Letter of Agreement between the City of Stockton and STOCKTON MID-MANAGEMENT/SUPERVISING LEVEL BARGAINING UNIT (B&C).
(HR)
- 6.03) CC Resolution approving the Unrepresented Management and Confidential Employees Unit Total Compensation Plan for a term of one-year period, and authorizing the City Manager to continue the ninety-six hour furlough calendar for Fiscal Year 2010-2011, eliminate all cost of living increases for the Fiscal Year 2010/11, and implement the recommended benefit changes in the Comparison of Proposed Compensation Plan With Current Plan.
(HR)
- 6.04) CC Consider an ACTION PLAN for fiscal sustainability that will guide the City and provide a blueprint for the public to understand the issues currently facing the City, and act as a mandate both for making immediate changes and for long-term restructuring of labor agreements to restore a balance between employment costs and the preservation of City services, while ensuring maximum transparency for the public.
(CM)
- 6.05) CC Resolution adopting emergency measures affecting the terms and conditions of sworn employees in the FIRE DEPARTMENT
(CM)
- 6.06) CC Resolution adopting emergency measures affecting the terms and conditions of sworn employees in the POLICE DEPARTMENT
(CM)

7. UNFINISHED BUSINESS

8. NEW BUSINESS

9. PUBLIC HEARINGS**

- 9.01) CC/ RD Hearing to consider public comments/testimony regarding the proposed 2010-11 BUDGET, 2010-15 CAPITAL IMPROVEMENT PROGRAM, and FEE ADJUSTMENTS.

City Council Action

At the conclusion of the public hearing, adopt two resolutions: approving the Proposed 2010-2011 Annual Budget, 2010-2015 Capital Improvement Program, and approving fee adjustments in the City Fee Schedule; making of benefit findings pursuant to California Redevelopment Law in connection with adoption of the Redevelopment Agency's 2010-2011 Budget.

Redevelopment Agency Action

At the conclusion of the public hearing, adopt a resolution; approving the 2010-2011 Redevelopment Agency Budget, as included in the City of Stockton Proposed 2010-2011 Annual Budget.

(CM)

10. COUNCIL/REDEVELOPMENT AGENCY COMMENTS AND COMMITTEE REPORTS

11. ADJOURNMENT

ATTACHMENTS TO AGENDA: WRITTEN COMMUNICATIONS

*Citizens may comment on any subject within the jurisdiction of the City Council/Redevelopment Agency, including items on the Agenda. Each speaker is limited to five minutes. Speakers must submit "Request to Speak" cards to the City Clerk, and be prepared to speak when called. No speaker cards will be received after the close of the Citizen's Comments portion of the meeting.

**Speakers should hold comments on items listed as a Public Hearing until the Hearing is opened. If a large number of people desire to speak at a Public Hearing, the Mayor/Chair may reduce the amount of time allocated to each speaker to three (3) minutes.

All proceedings before the City Council/Redevelopment Agency are conducted in English. The City of Stockton does not furnish interpreters and, if one is needed, it shall be the responsibility of the person needing one. In compliance with the Americans with Disabilities Act, if you need special assistance to participate in the meetings of the City Council/Redevelopment Agency, please contact the Office of the City Clerk at (209) 937-8459 at least 48 hours prior to the meeting to enable the City/Agency to make reasonable arrangements to ensure accessibility.

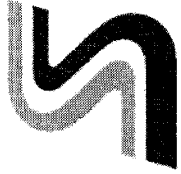
Any writings or documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection at the Office of the City Clerk located at 425 North El Dorado Street, Stockton, California 95202 during normal business hours or by calling (209) 937-8459.

The Agenda is available on the City of Stockton Website: www.stocktongov.com

CHALLENGING CITY DECISIONS:

The time limit within which to commence any lawsuit or legal challenge to any quasi-judicative decision made by the City is governed by Section 1094.6 of the Code of Civil Procedure, unless a shorter limitations period is specified by any other provision. Under Section 1094.6, any lawsuit or legal challenge to any quasi-judicative decision made by the City must be filed no later than the 90th day following the date on which such decision becomes final. Any lawsuit or legal challenge, which is not filed within that 90-day period, will be barred.

If a person wishes to challenge the nature of the above section in court, they may be limited to raising only those issues they or someone else raised at the meeting described in this notice, or in written correspondence delivered to the City of Stockton, at or prior to the meeting. In addition, judicial challenge may be limited or barred where the interested party has not sought and exhausted all available administrative remedies.



MEETING REMINDERS SCHEDULE OF EVENTS

CITY OF
STOCKTON

Week of June 19, 2010-June 26, 2010



| Saturday 19 | Monday 21 | Tuesday 22 | Wednesday 23 | Thursday 24 | Friday 25 | Saturday 26 |
|---|---|--|--|--|---|----------------|
| <p>Financial Literacy Seminar 9:00 a.m. Johnston</p> <p>Delta College West Forum Auditorium, 5151 Pacific Avenue</p> <p>Juneteenth 2010 11:00 a.m. Martin, Holman</p> <p>Weber Point Events Center</p> <p>FatherFEST 2010 11:00 a.m. Lowery</p> <p>Caldwell Park, (Alpine and Pacific)</p> <p>Migrant Education Literacy Fair 5:00 p.m. Johnston</p> <p>Edison High School 1425 S. Center St.</p> | <p>Legislation/Environmental Committee Meeting 4:00 p.m. Council Chambers</p> | <p>Special City Council Meeting for the Purpose of Meeting in Closed Session 4:00 p.m. Council Chambers</p> <p>City Council Meeting 5:00 p.m. Dinner Room 200A</p> <p>5:30 p.m. Meeting Council Chambers</p> | <p>Asparagus Festival Volunteer Appreciation Dinner 5:30 p.m. Johnston Stockton Hilton</p> | <p>San Joaquin Council of Governments Board Meeting 5:00 p.m. Johnston, Miller, Fritchen 555 E. Weber Avenue</p> | <p>25th Annual Wine Tasting at Pixie Woods 5:00 p.m. Miller, Eggman, Lowery Pixie Woods Park</p> <p>NAACP Annual Rosa Parks Excellence Awards Reception and Dinner 6:00 p.m. Johnston, Holman Elk Horn Golf & Country Club, 1050 Elk Horn Drive</p> | |
| <p>Sunday 20</p> | | | | | | |

**CITY MANAGER'S AGENDA REPORT FOR
CITY COUNCIL/REDEVELOPMENT AGENCY CONCURRENT MEETING**

CITY COUNCIL/REDEVELOPMENT AGENCY

AGENDA ITEM 6.01

June 22, 2010

TO: MAYOR and CITY COUNCIL

FROM: DIANNA R. GARCIA, Director of Human Resources

SUBJECT: **LETTER OF AGREEMENT BETWEEN THE CITY OF STOCKTON AND STOCKTON CITY EMPLOYEES' ASSOCIATION**

RECOMMENDATION

Approve and adopt a resolution authorizing the City Manager to execute a Letter of Agreement between the City of Stockton and the Stockton City Employees' Association to provide concessions and modification of its Memorandum of Understanding as a result of the City's current budget crisis. It is further recommended that the resolution authorize the City Manager to take whatever actions are appropriate to carry out the purpose and intent of this resolution.

SUMMARY

Stockton City Employees' Association, the recognized employee organization representing the interests of employees covered by the Professional and Technical Unit and the Clerical, Administrative, and Services Unit, met with the City of Stockton during its regularly scheduled monthly meetings, wherein the City shared financial information relative to the City's declining revenues and increasing expenses, and most notably the higher cost of employee compensation due to wage increases and the cessation of furloughs previously agreed to by the parties. As a result of these meetings, the Stockton City Employees' Association proposed budget reductions for the 2010-2011 Fiscal Year, to include a waiver of a base wage increase due July 1, 2010 and continuation of the ninety-six (96) hour furloughs for Fiscal Year 2010-2011. The City of Stockton agreed with these concessions and a tentative agreement was reached.

On June 1, 2010, the members of the Stockton City Employees' Association ratified the contents of the tentative agreement and, in accordance with section 2.74.080.F of the Employer-Employee Relations Ordinance (Stockton Municipal Code Chapter 2.74, et seq.), staff is presenting the written agreement (Exhibit A) to the City Council for its approval.

DISCUSSION

Background

For the last two fiscal years, the City of Stockton has been experiencing an extraordinary decline in revenue, resulting in a reduction of services and layoffs. As it enters its third year of fiscal uncertainty, the City of Stockton took an unprecedented step and declared a fiscal emergency so that it could take appropriate and lawful measures to achieve a balanced budget for Fiscal Year 2010-2011.

June 22, 2010

**LETTER OF AGREEMENT BETWEEN THE CITY OF STOCKTON AND STOCKTON
CITY EMPLOYEES' ASSOCIATION**

(Page 2)

To help close the operating budget deficit, the Stockton City Employees' Association offered concessions, to be applied towards saving the jobs of its members who were expecting to receive layoff notices.

Present Situation

The Letter of Agreement (Attachment A) sets forth the understanding of the parties with respect to cost-saving measures. The following is a summary of the major provisions that have been tentatively agreed to by the parties and ratified:

1. Salary Adjustment. Forfeiture of the 2.5% salary increase scheduled to occur on July 1, 2010.
2. Work Furloughs. Extension of 96 hours of work furloughs, according to the agreed-upon furlough calendar (Exhibit B) and terms.

FINANCIAL SUMMARY

With this agreement, the City is expected to save a total \$2.28 million for all funds, of which \$1.23 million represents General Fund savings, savings amounts are for Fiscal Year 2010-11.

Respectfully submitted,



DIANNA R. GARCIA
DIRECTOR OF HUMAN RESOURCES

APPROVED:



KEVIN O'ROURKE
INTERIM CITY MANAGER

DRG:MRG:sa

LETTER OF AGREEMENT
BETWEEN THE CITY OF STOCKTON
AND
THE STOCKTON CITY EMPLOYEES' ASSOCIATION

RECITALS

This Letter of Agreement ("LOA") is made effective June 1, 2010 has been jointly prepared by the designated representatives of the City of Stockton ("City"), a public agency within the meaning of section 3501(c) of the Government Code of the State of California, and the designated representatives of the Stockton City Employees' Association ("SCEA"), the exclusively recognized employee organization for the Administrative, Clerical, and Services Bargaining Unit and the Professional and Technical Bargaining Unit, to modify that certain Memorandum of Understanding between the City and SCEA for the period ending June 30, 2014 ("MOU"), as follows:

WHEREAS, the City is facing a severe financial crisis and an estimated \$23 million General Fund budget deficit in Fiscal Year 2010/2011; and

WHEREAS, SCEA desires to do its fair share to assist the City in addressing the financial crisis and the budget deficit; and

WHEREAS, SCEA wishes to minimize to the greatest extent possible layoffs of employees represented by SCEA by applying savings from economic concessions to preservation of positions within the bargaining units SCEA represents; and

WHEREAS, the City acknowledges that SCEA has consistently demonstrated leadership among City labor organizations in cooperating with management to find meaningful and sustainable solutions to the City's current financial crisis.

AGREEMENT

NOW THEREFORE, the City and SCEA, after meeting and conferring in good faith under section 3505 of the Government Code of the State of California, have reached an agreement to modify the MOU as specified below and reaffirm all remaining terms of the MOU:

1. Modification of MOU Article 17.1, Salary Adjustments

A. The across-the-board salary increase scheduled to occur on July 1, 2010 as described in MOU Article 17.1(a), Salary Adjustments, shall not be implemented, which represents an estimated savings of approximately \$865,000 in Fiscal Year 2010-11 (\$484,313 of which is General Fund savings) and approximately \$3.46 million (\$1.94 million General Fund savings) during the term of this MOU. In this connection, the table contained in MOU Article 17.1(a) is modified as follows:

| Date of Salary Increase | Fiscal Years Used to Determine Revenue Growth |
|--------------------------------|--|
| July 1, 2009 | 90% of revenue growth from FY 2007-2008 compared to FY 2006-2007 |
| July 1, 2010 | No salary increase on this date. |
| July 1, 2011 | 90% of revenue growth from FY 2009-2010 compared to FY 2008-2009 |
| July 1, 2012 | 90% of revenue growth from FY 2010-2011 compared to FY 2009-2010 |
| July 1, 2013 | 90% of revenue growth from FY 2011-2012 compared to FY 2010-2011 |
| July 1, 2014 | 90% of revenue growth from FY 2012-2013 compared to FY 2011-2012 |

B. All other provisions of MOU Article 17.1, Salary Adjustments not expressly modified by this LOA are reaffirmed.

2. Modification of MOU Article 12.8, Work Furloughs

A. Article 12.8 is modified to add two new subsections, (m) and (n), as follows:

(m) **96 Furlough Hours in Fiscal Year 2010-2011.** Each bargaining unit employee, except Fire Telecommunicators and Police Telecommunicators, shall be required to take ninety-six (96) furlough hours (leave from work without pay) between July 1, 2010, and June 30, 2011. Payroll deductions for the ninety-six (96) furlough hours in Fiscal Year 2010-2011 shall be equalized in the same manner as furlough deductions for Fiscal Years 2008-09 and 2009-10 so that each bargaining unit employee shall have 4 hours at the employee's regular hourly rate of pay deducted from each of the twenty-four (24) pay warrants in Fiscal Year 2010-2011. The City and the Association shall meet and confer to develop the furlough calendar for Fiscal Year 2010-2011, which shall be substantially the same as Fiscal Years 2008-09 and 2009-10.

(n) **Separation from City Service before July 7, 2011.** Any SCEA represented employee who separates from City service before the final 4 hour furlough deduction on July 7, 2011, 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 July 7, 2011, 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 a like amount.

C. Payroll savings in Fiscal Year 2010-11 from these additional 96 furlough hours is estimated to be \$1,414,000 in Fiscal Year 2010-11 (\$792,134 in General Fund savings).

3. The City shall directly apply all monetary savings resulting from the concessions contained in this LOA to minimize the layoff of SCEA-represented employees and to minimize elimination of positions represented by SCEA. The City retains its management right to identify the specific positions in specific locations and/or departments to be eliminated and to determine the total number of lay-offs and position eliminations within the SCEA bargaining units. The City shall promptly provide to SCEA an accounting of the actual savings resulting from the concessions made in this LOA and how those savings were applied to minimize the lay-off of SCEA-represented employees and minimize elimination of positions represented by SCEA. Nothing within this Agreement shall limit or restrict the City's pre-existing management right to decide to lay off employees or eliminate positions, subject to the City's pre-existing legal duty to meet and confer with SCEA over the effects of that decision.

4. The parties hereby reaffirm all remaining terms of the current MOU, except as expressly modified hereinabove.

5. Any dispute arising from the interpretation and application of this LOA shall be resolved in accordance with the grievance procedures set forth in Article 10 of the MOU.

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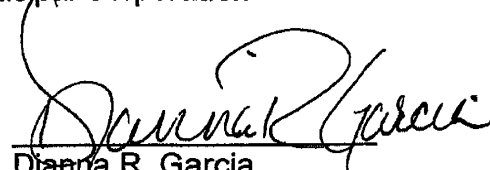
IN WITNESS WHEREOF, this Letter of Agreement was ratified by a secret ballot vote of the general membership of SCEA on June 1, 2010, and by an affirmative vote of the Stockton City Council on June 22, 2010, and is effective on the date first set forth above.

APPROVED AS TO FORM:

JOHN LUEBBERKE
INTERIM CITY ATTORNEY

By: 
DeAnna Solina
Its: Deputy City Attorney

CITY OF STOCKTON,
a Municipal Corporation


By: 
Dianra R. Garcia
Its: Employee Relations Officer

ATTEST:

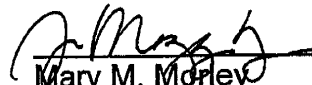
KATHERINE GONG MEISSNER
CITY CLERK

By: _____
Deputy City Clerk

APPROVED AS TO FORM:
ROSE LAW FIRM, P.C.


By: 
Joseph W. Rose
Its: Attorney for Stockton City
Employees' Association

STOCKTON CITY EMPLOYEES'
ASSOCIATION


By: 
Mary M. Morley
Its: President

2010/2011

City of Stockton
City Office Business Hours
 City Hall - 425 N El Dorado Street

2010/2011
 Open 8:00 a.m. - 6:00 p.m.

 Alternate Fridays/Closed

 Open 8:00 a.m. - 5:00 p.m.

 Holiday - Closed

 Furlough
All weekends - Closed**2010**

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2011

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Resolution No. _____

STOCKTON CITY COUNCIL

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A LETTER OF AGREEMENT BETWEEN THE CITY OF STOCKTON AND THE STOCKTON CITY EMPLOYEES' ASSOCIATION

The Director of Human Resources, in her capacity as the Employee Relations Officer, along with the negotiating team, met with officials of the Stockton City Employees' Association, the representative of employees in the Administrative, Clerical, and Services Unit and the Professional and Technical Unit and reached a tentative agreement on budget reductions, and reduced the agreement to writing. The employee unit ratified the agreement on June 1, 2010, by a majority vote of the members; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. That the Letter of Agreement between the City of Stockton and the Administrative, Clerical, and Services Unit and the Professional and Technical Unit of the Stockton City Employees' Association, attached and made a part hereof by this reference, is hereby approved and adopted.

2. That the City Manager is hereby authorized to execute the Letter of Agreement, to be effective July 1, 2010.

3. That the City Manager and the Employee Relations Officer are authorized to take whatever actions are appropriate to carry out the purpose and intent of this resolution.

PASSED, APPROVED and ADOPTED _____.

ATTEST:

ANN JOHNSTON, Mayor
of the City of Stockton

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

\\ODMA\GRPWISE\COS.PER.PER_Library:73435.1

CITY ATTY
REVIEW _____
DATE June 17, 2010

LETTER OF AGREEMENT
BETWEEN THE CITY OF STOCKTON
AND
THE STOCKTON CITY EMPLOYEES' ASSOCIATION

RECITALS

This Letter of Agreement ("LOA") is made effective June 1, 2010 has been jointly prepared by the designated representatives of the City of Stockton ("City"), a public agency within the meaning of section 3501(c) of the Government Code of the State of California, and the designated representatives of the Stockton City Employees' Association ("SCEA"), the exclusively recognized employee organization for the Administrative, Clerical, and Services Bargaining Unit and the Professional and Technical Bargaining Unit, to modify that certain Memorandum of Understanding between the City and SCEA for the period ending June 30, 2014 ("MOU"), as follows:

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WHEREAS, SCEA wishes to minimize to the greatest extent possible layoffs of employees represented by SCEA by applying savings from economic concessions to preservation of positions within the bargaining units SCEA represents; and

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| July 1, 2009 | 90% of revenue growth from FY 2007-2008 compared to FY 2006-2007 |
| July 1, 2010 | No salary increase on this date. |
| July 1, 2011 | 90% of revenue growth from FY 2009-2010 compared to FY 2008-2009 |
| July 1, 2012 | 90% of revenue growth from FY 2010-2011 compared to FY 2009-2010 |
| July 1, 2013 | 90% of revenue growth from FY 2011-2012 compared to FY 2010-2011 |
| July 1, 2014 | 90% of revenue growth from FY 2012-2013 compared to FY 2011-2012 |

B. All other provisions of MOU Article 17.1, Salary Adjustments not expressly modified by this LOA are reaffirmed.

2. **Modification of MOU Article 12.8, Work Furloughs**

A. Article 12.8 is modified to add two new subsections, (m) and (n), as follows:

(m) **96 Furlough Hours in Fiscal Year 2010-2011.** Each bargaining unit employee, except Fire Telecommunicators and Police Telecommunicators, shall be required to take ninety-six (96) furlough hours (leave from work without pay) between July 1, 2010, and June 30, 2011. Payroll deductions for the ninety-six (96) furlough hours in Fiscal Year 2010-2011 shall be equalized in the same manner as furlough deductions for Fiscal Years 2008-09 and 2009-10 so that each bargaining unit employee shall have 4 hours at the employee's regular hourly rate of pay deducted from each of the twenty-four (24) pay warrants in Fiscal Year 2010-2011. The City and the Association shall meet and confer to develop the furlough calendar for Fiscal Year 2010-2011, which shall be substantially the same as Fiscal Years 2008-09 and 2009-10.

(n) **Separation from City Service before July 7, 2011.** Any SCEA represented employee who separates from City service before the final 4 hour furlough deduction on July 7, 2011, 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 July 7, 2011, 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 a like amount.

C. Payroll savings in Fiscal Year 2010-11 from these additional 96 furlough hours is estimated to be \$1,414,000 in Fiscal Year 2010-11 (\$792,134 in General Fund savings).

3. The City shall directly apply all monetary savings resulting from the concessions contained in this LOA to minimize the layoff of SCEA-represented employees and to minimize elimination of positions represented by SCEA. The City retains its management right to identify the specific positions in specific locations and/or departments to be eliminated and to determine the total number of lay-offs and position eliminations within the SCEA bargaining units. The City shall promptly provide to SCEA an accounting of the actual savings resulting from the concessions made in this LOA and how those savings were applied to minimize the lay-off of SCEA-represented employees and minimize elimination of positions represented by SCEA. Nothing within this Agreement shall limit or restrict the City's pre-existing management right to decide to lay off employees or eliminate positions, subject to the City's pre-existing legal duty to meet and confer with SCEA over the effects of that decision.

4. The parties hereby reaffirm all remaining terms of the current MOU, except as expressly modified hereinabove.

5. Any dispute arising from the interpretation and application of this LOA shall be resolved in accordance with the grievance procedures set forth in Article 10 of the MOU.

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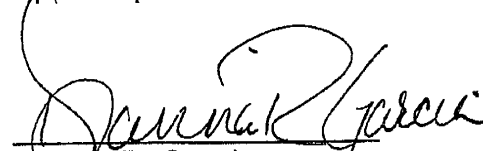
IN WITNESS WHEREOF, this Letter of Agreement was ratified by a secret ballot vote of the general membership of SCEA on June 1, 2010, and by an affirmative vote of the Stockton City Council on June 22, 2010, and is effective on the date first set forth above.

APPROVED AS TO FORM:

JOHN LUEBBERKE
INTERIM CITY ATTORNEY

By: 
DeAnna Solina
Its: Deputy City Attorney

CITY OF STOCKTON,
a Municipal Corporation

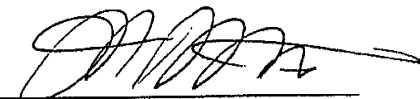
By: 
Dianna R. Garcia
Its: Employee Relations Officer

ATTEST:


KATHERINE GONG MEISSNER
CITY CLERK

By: _____
Deputy City Clerk

APPROVED AS TO FORM:
ROSE LAW FIRM, P.C.

By: 
Joseph W. Rose
Its: Attorney for Stockton City
Employees' Association

STOCKTON CITY EMPLOYEES'
ASSOCIATION

By: 
Mary M. Morley
Its: President

CITY COUNCIL/REDEVELOPMENT AGENCY

AGENDA ITEM 6.02

June 22, 2010

TO: Mayor and City Council

FROM: Dianna R. Garcia, Director of Human Resources

SUBJECT: **LETTER OF AGREEMENT BETWEEN THE CITY OF STOCKTON AND STOCKTON MID-MANAGEMENT/SUPERVISING LEVEL BARGAINING UNIT (B&C)**

RECOMMENDATION

Adopt a resolution authorizing the City Manager to execute a Letter of Agreement between the City of Stockton and the Stockton Mid-Management/Supervising Level bargaining unit to provide concessions and modification of its Memorandum of Understanding as a result of the City's current budget crisis. It is further recommended that the Resolution authorize the City Manager to take whatever actions are appropriate to carry out the purpose and intent of this resolution.

SUMMARY

The City of Stockton, by and through its Employee Relations Officer, has met and conferred with representatives of the Stockton Mid-Management/Supervisory Level bargaining unit for the purpose of agreeing to budget reductions for the 2010-2011 Fiscal Year. After several meetings, a tentative agreement was reached to include a waiver of a base wage increase due July 1, 2010, continuation of ninety six (96) furlough hours for Fiscal Year 2010-2011, and medical plan design changes.

On June 8, 2010, the members of the Mid-Management/Supervisory Level bargaining unit ratified the contents of the tentative agreement and, in accordance with section 2.74.080.F of the Employer-Employee Relations Ordinance (Stockton Municipal Code Chapter 2.74, et seq.), staff is presenting the written agreement (Exhibit A) to the City Council for its approval.

DISCUSSION

Background

For the last two fiscal years, the City of Stockton has been experiencing an extraordinary decline in revenue, resulting in a reduction of services and layoffs. As it enters its third year of fiscal uncertainty, the City of Stockton took an unprecedented step and declared a fiscal emergency so that it could take appropriate and lawful measures to achieve a balanced budget for Fiscal Year 2010-2011.

June 22, 2010

**LETTER OF AGREEMENT BETWEEN THE CITY OF STOCKTON AND STOCKTON
MID-MANAGEMENT/SUPERVISING LEVEL BARGAINING UNIT (B&C)**

(Page 2)

To help close the operating budget deficit, the Mid-Management/Supervisory Level bargaining unit agreed to concessions, to be applied towards saving the jobs of its members who were expecting to receive layoff notices.

Present Situation

The Letter of Agreement attached hereto sets forth the understanding of the parties with respect to cost-saving measures. The following is a summary of the major provisions that have been tentatively agreed to by the parties and ratified:

1. Salary Adjustment. Forfeiture of the 2.5% salary increase scheduled to occur on July 1, 2010.
2. Work Furloughs. Extension of ninety six (96) hours of furloughs, according to the agreed-upon furlough calendar (Exhibit B) and terms.
3. Medical Plan Design Changes. Prescription co-pays will increase from \$3 (generic) and \$8 (brand name) to \$3 and \$25 for a 30-day supply; mail order will cost \$3 and \$25 for a 90-day supply. The annual deductible will increase from \$150 (individual) and \$450 (family) to \$200 and \$500.

FINANCIAL SUMMARY

With this agreement, the City is expected to save a total \$1,222,000 for all funds, of which \$343,062 represents General Fund savings, savings amounts are for Fiscal Year 2010-2011.

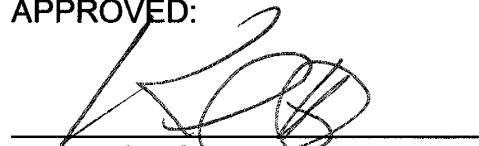
Respectfully submitted,



DIANNA R. GARCIA

DIRECTOR OF HUMAN RESOURCES

APPROVED:



KEVIN O'ROURKE
INTERIM CITY MANAGER

DRG:MRG:sa

LETTER OF AGREEMENT
BETWEEN THE CITY OF STOCKTON
AND
THE STOCKTON MANAGEMENT B & C EMPLOYEES GROUP

RECITALS

This Letter of Agreement ("LOA") is made effective June 1, 2010 has been jointly prepared by the designated representatives of the City of Stockton ("City"), a public agency within the meaning of section 3501(c) of the Government Code of the State of California, and the designated representatives of the City of Stockton Management B & C Employees Group ("B&C"), the exclusively recognized employee organization for the Mid-Management/Supervisory Level Bargaining Unit, to modify the Memorandum of Understanding between the City and B&C for the period ending June 30, 2014 ("MOU"), as follows:

WHEREAS, the City is facing a severe financial crisis and an estimated \$23 million General Fund budget deficit in Fiscal Year 2010/2011; and

WHEREAS, B&C desires to do its fair share to assist the City in addressing the financial crisis and the budget deficit; and

WHEREAS, B&C wishes to minimize to the greatest extent possible layoffs of employees represented by B&C by applying savings from economic concessions to preservation of positions within the bargaining unit B&C represents; and

AGREEMENT

NOW THEREFORE, the City and B&C, after meeting and conferring in good faith under section 3505 of the Government Code of the State of California, have reached an agreement to modify the MOU as specified below and reaffirm all remaining terms of the MOU:

1. **Modification of MOU Article 15.1, Salary Adjustments**

A. The across-the-board salary increase scheduled to occur on July 1, 2010 and described in MOU Article 15.1(a), Salary Adjustments shall not be implemented. And the table contained in MOU Article 15.1(a) is modified as follows:

| Date of Salary Increase | Fiscal Years Used to Determined Revenue Growth |
|--------------------------------|--|
| July 1, 2009 | 90% of revenue growth from FY 2007-08 compared to FY 2006-2007 |
| July 1, 2010 | No salary increase on this date |
| July 1, 2011 | 90% of revenue growth from FY 2009-2010 compared to FY 2008-2009 |
| July 1, 2012 | 90% of revenue growth from FY 2010-2011 compared to FY 2009-2010 |
| July 1, 2013 | 90% of revenue growth from FY 2011-2012 compared to FY 2010-2011 |
| July 1, 2014 | 90% of revenue growth from FY 2012-2013 compared to FY 2011-2012 |

B. All other provisions of MOU Article 15.1, Salary Adjustments not expressly modified by this LOA are reaffirmed.

2. **Modification of MOU Article 10.2. Work Furloughs**

A. Article 10.2 is modified to add two new subsections, (i) and (j), as follows:

- (i) **96 Furlough Hours in Fiscal Year 2010-2011.** Each employee shall be required to take ninety-six (96) furlough hours (leave from work without pay) between July 1, 2010, and June 30, 2011.

Payroll deductions for the ninety-six (96) furlough hours in Fiscal Year 2010-2011 shall be equalized in the same manner as furlough deductions for Fiscal Years 2009-10 so that each bargaining unit employee shall have 4 hours at the employee's regular hourly rate of pay deducted from each of the twenty-four (24) pay warrants in Fiscal Year 2010-2011. The City and B&C shall meet and confer to develop the furlough calendar for Fiscal Year 2010-2011, which shall be substantially the same as Fiscal Year 2009-10.

- (j) **Separation from City Service before July 7, 2011.** Any B&C represented employee who separates from City service before the final 4 hour furlough deduction on July 7, 2011, 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 July 7, 2011, 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 a like amount.

3. The City shall directly apply all monetary savings resulting from the concessions contained in Sections 1 and 2 of this LOA to minimize the layoff of B&C-represented employees and to minimize elimination of positions represented by B&C. The City retains its management right to identify the specific positions in specific locations and/or departments to be eliminated and to determine the total number of layoffs and position eliminations within the B&C bargaining unit. The City shall provide to B&C an accounting of the actual savings resulting from the concessions made in this LOA. Nothing within this Agreement shall limit or restrict the City's preexisting management right to decide to lay off employees or eliminate positions, subject to the City's preexisting legal duty to meet and confer with B&C over the effects of that decision.

4 Modify Article 14.1 entitled Health and Welfare Benefits

The following changes to the City's Modified Employee Medical Plan for B&C represented employees are agreed to and shall become effective following an

agreement signed by the City and each of the City's represented bargaining units setting forth these same changes to the Modified Employee Medical Plan, which agreement B&C hereby agrees to sign:

- A. The prescription drug co-payment of \$3.00 for generic medications and \$25.00 for brand name medications and these co-payments shall cover up to thirty (30) day supply of the prescription medication.
- B. The prescription drug co-payment of \$3.00 for generic medications and \$25.00 for brand name medications and these payments shall cover up to a ninety (90) day supply of the prescribed medication when purchased through mail order.
- C. The individual annual deductible for medical care for individuals shall increase by fifty dollars (\$50) from \$150 to \$200.
- D. The family annual deductible for medical care shall increase by fifty dollars (\$50) from \$450 to \$500.
- E. The lifetime maximum benefit amount is increased from two million dollars (\$2MM) to two-and-one-half million dollars (\$2.5MM).

5. The parties hereby reaffirm all remaining terms of the current MOU, except as expressly modified hereinabove.

6. Any dispute arising from the interpretation and application of this LOA shall be resolved in accordance with the grievance procedures set forth in Article 8 of the MOU.

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IN WITNESS WHEREOF, this Letter of Agreement was ratified by a secret ballot vote of the general membership of B&C on June 8, 2010, and by an affirmative vote of the Stockton City Council on June __, 2010 and is effective on the date first set forth above.

B & C EMPLOYEES GROUP

CITY OF STOCKTON

Robert Applegate
President
Dated: _____

Dianna Garcia
Director of Human Resources
Dated: _____

Kim Gillingham, Labor Representative
Goyette & Associates
Dated: _____

Eddie Kreisberg, Labor Representative
Meyers Nave
Dated: _____

APPROVED AS TO FORM:

DeAnna Solina
Deputy City Attorney
Dated: _____


ATTEST:

KATHERINE GONG MEISSNER, CITY CLERK


Deputy City Clerk
Dated: _____

2010/2011

City of Stockton
City Office Business Hours
 City Hall - 425 N El Dorado Street

2010/2011
 Open 8:00 a.m. - 6:00 p.m.

 Alternate Fridays/Closed

 Open 8:00 a.m. - 5:00 p.m.

 Holiday - Closed

 Furlough
All weekends - Closed**2010**

| JULY | | | | | | |
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| AUGUST | | | | | | |
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| SEPTEMBER | | | | | | |
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2011

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| MAY | | | | | | |
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STOCKTON CITY COUNCIL

RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A LETTER OF AGREEMENT BETWEEN THE CITY OF STOCKTON AND THE STOCKTON MID-MANAGEMENT/SUPERVISORY LEVEL BARGAINING UNIT

The Director of Human Resources, in her capacity as the Employee Relations Officer, along with the negotiating team, met and conferred with officials of the Mid-Management/Supervisory Level bargaining unit, and reached a tentative agreement on budget reductions, and reduced the agreement to writing. The employee unit ratified the agreement on June 8, 2010, by a majority vote of the members; and

The City of Stockton and the Mid-Management/Supervisory Level bargaining unit, have in good faith completed their meet and confer obligation regarding budget reductions; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. That the Letter of Agreement between the City of Stockton and the Mid-Management/Supervisory Level bargaining unit, attached and made a part hereof by this reference, is hereby approved and adopted.

2. That the City Manager is hereby authorized to execute the Letter of Agreement, to be effective July 1, 2010.

3. That the City Manager and the Employee Relations Officer are authorized to take whatever actions are appropriate to carry out the purpose and intent of this resolution.

PASSED, APPROVED and ADOPTED _____.

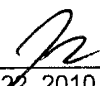
ANN JOHNSTON, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

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CITY ATTY
REVIEW
DATE


June 22, 2010

LETTER OF AGREEMENT
BETWEEN THE CITY OF STOCKTON
AND
THE STOCKTON MANAGEMENT B & C EMPLOYEES GROUP

RECITALS

This Letter of Agreement ("LOA") is made effective June 1, 2010 has been jointly prepared by the designated representatives of the City of Stockton ("City"), a public agency within the meaning of section 3501(c) of the Government Code of the State of California, and the designated representatives of the City of Stockton Management B & C Employees Group ("B&C"), the exclusively recognized employee organization for the Mid-Management/Supervisory Level Bargaining Unit, to modify the Memorandum of Understanding between the City and B&C for the period ending June 30, 2014 ("MOU"), as follows:

WHEREAS, the City is facing a severe financial crisis and an estimated \$23 million General Fund budget deficit in Fiscal Year 2010/2011; and

WHEREAS, B&C desires to do its fair share to assist the City in addressing the financial crisis and the budget deficit; and

WHEREAS, B&C wishes to minimize to the greatest extent possible layoffs of employees represented by B&C by applying savings from economic concessions to preservation of positions within the bargaining unit B&C represents; and

AGREEMENT

NOW THEREFORE, the City and B&C, after meeting and conferring in good faith under section 3505 of the Government Code of the State of California, have reached an agreement to modify the MOU as specified below and reaffirm all remaining terms of the MOU:

1. **Modification of MOU Article 15.1, Salary Adjustments**

A. The across-the-board salary increase scheduled to occur on July 1, 2010 and described in MOU Article 15.1(a), Salary Adjustments shall not be implemented. And the table contained in MOU Article 15.1(a) is modified as follows:

| Date of Salary Increase | Fiscal Years Used to Determine Revenue Growth |
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B. All other provisions of MOU Article 15.1, Salary Adjustments not expressly modified by this LOA are reaffirmed.

2. **Modification of MOU Article 10.2. Work Furloughs**

A. Article 10.2 is modified to add two new subsections, (i) and (j), as follows:

- (i) **96 Furlough Hours in Fiscal Year 2010-2011.** Each employee shall be required to take ninety-six (96) furlough hours (leave from work without pay) between July 1, 2010, and June 30, 2011.

Payroll deductions for the ninety-six (96) furlough hours in Fiscal Year 2010-2011 shall be equalized in the same manner as furlough deductions for Fiscal Years 2009-10 so that each bargaining unit employee shall have 4 hours at the employee's regular hourly rate of pay deducted from each of the twenty-four (24) pay warrants in Fiscal Year 2010-2011. The City and B&C shall meet and confer to develop the furlough calendar for Fiscal Year 2010-2011, which shall be substantially the same as Fiscal Year 2009-10.

- (i) **Separation from City Service before July 7, 2011.** Any B&C represented employee who separates from City service before the final 4 hour furlough deduction on July 7, 2011, 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 July 7, 2011, 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 a like amount.

3. The City shall directly apply all monetary savings resulting from the concessions contained in Sections 1 and 2 of this LOA to minimize the layoff of B&C-represented employees and to minimize elimination of positions represented by B&C. The City retains its management right to identify the specific positions in specific locations and/or departments to be eliminated and to determine the total number of layoffs and position eliminations within the B&C bargaining unit. The City shall provide to B&C an accounting of the actual savings resulting from the concessions made in this LOA. Nothing within this Agreement shall limit or restrict the City's preexisting management right to decide to lay off employees or eliminate positions, subject to the City's preexisting legal duty to meet and confer with B&C over the effects of that decision.

4 Modify Article 14.1 entitled Health and Welfare Benefits

The following changes to the City's Modified Employee Medical Plan for B&C represented employees are agreed to and shall become effective following an

agreement signed by the City and each of the City's represented bargaining units setting forth these same changes to the Modified Employee Medical Plan, which agreement B&C hereby agrees to sign:

- A. The prescription drug co-payment of \$3.00 for generic medications and \$25.00 for brand name medications and these co-payments shall cover up to thirty (30) day supply of the prescription medication.
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- D. The family annual deductible for medical care shall increase by fifty dollars (\$50) from \$450 to \$500.
- E. The lifetime maximum benefit amount is increased from two million dollars (\$2MM) to two-and-one-half million dollars (\$2.5MM).

5. The parties hereby reaffirm all remaining terms of the current MOU, except as expressly modified hereinabove.

6. Any dispute arising from the interpretation and application of this LOA shall be resolved in accordance with the grievance procedures set forth in Article 8 of the MOU.

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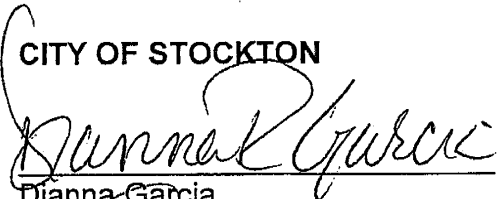
IN WITNESS WHEREOF, this Letter of Agreement was ratified by a secret ballot vote of the general membership of B&C on June 8, 2010, and by an affirmative vote of the Stockton City Council on June 22, 2010 and is effective on the date first set forth above.

B & C EMPLOYEES GROUP

Robert Applegate
President
Dated: _____

Kim Gillingham, Labor Representative
Goyette & Associates
Dated: _____

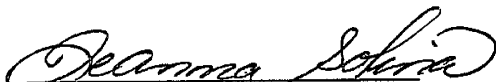
CITY OF STOCKTON



Dianna Garcia
Director of Human Resources
Dated: June 15, 2010

Eddie Kreisberg, Labor Representative
Meyers Nave
Dated: _____

APPROVED AS TO FORM:



DeAnna Solina
Deputy City Attorney
Dated: 06/15/2010

ATTEST:

KATHERINE GONG MEISSNER, CITY CLERK

Deputy City Clerk
Dated: _____

CITY COUNCIL/REDEVELOPMENT AGENCY

AGENDA ITEM 6.03

June 22, 2010

TO: HONORABLE MAYOR and CITY COUNCIL

FROM: DIANNA R. GARCIA, Director of Human Resources

SUBJECT: **APPROVE AND ADOPT THE MODIFIED UNREPRESENTED
MANAGEMENT AND CONFIDENTIAL EMPLOYEES UNIT TOTAL
COMPENSATION PLAN AND LAW DEPARTMENT COMPENSATION
PLAN**

RECOMMENDATION

It is recommended that the City Council adopt a resolution approving the Unrepresented Management and Confidential Employees Unit Total Compensation Plan and the Law Department Compensation Plan for a term of one year, and authorizing the City Manager to continue the ninety-six (96)-hour furlough calendar for Fiscal Year 2010-2011, eliminate all cost of living increases for the Fiscal Year 2010/11, and implement the recommended benefit changes.

SUMMARY

The Unrepresented Management and Confidential Employees Unit Compensation Plan and Law Department Compensation Plan expired December, 2008. The two Compensation Plans were extended to December 31, 2009, reflecting the adoption of a ninety-six (96)-hour furlough calendar. Staff is recommending that the City Council authorize the City Manager to continue the ninety-six (96) hour furlough calendar, eliminate all cost of living increases for Fiscal Year 2010-2011, and to implement the recommended benefit changes (Attachment A).

DISCUSSION

Background

The Unrepresented Management and Confidential Employees Compensation Plan, and the Law Department Compensation Plan is the salary and benefits administration program covering employees who are designated as either "management" or "confidential." The Unrepresented Management and Confidential Employees Compensation Plan, and Law Department Compensation Plan is administered by the City Manager, as the City Council's designated representative for determining the level of compensation and benefits for management and confidential employees. The two Compensation Plans covers all employees in the Unrepresented Management and Confidential Employees and includes Council Appointees, Department Heads, Deputy City Managers, and other management, professional, and administrative personnel.

**APPROVE AND ADOPT THE MODIFIED UNREPRESENTED MANAGEMENT AND
CONFIDENTIAL EMPLOYEES UNIT TOTAL COMPENSATION PLAN AND
INTEGRATION OF LAW DEPARTMENT COMPENSATION PLAN**

(Page 2)

In accordance with the Meyers-Milias-Brown Act and the City of Stockton Employer-Employee Relations Ordinance, a “confidential” employee is one that is privy to decisions of the City that affect employer-employee relations; and a “management” employee is an employee who has significant responsibilities for formulating or administering City or departmental policies and programs. The Employer-Employee Relations Ordinance prevents management and confidential employees from being represented by any employee organization that represents non-management or non-confidential employees. Consequently, only employees occupying management or confidential positions are included in the two Compensation Plans.

Present Situation

For the duration of this plan there will be no base salary increases. Foregoing salary increases generally occurs during extraordinary circumstances, and the City of Stockton has rarely implemented this cost avoidance tool. In light of the extreme global economic downturn and its direct impact on the City; however, it is necessary to eliminate salary increases of all unrepresented employees. This action will prevent payroll costs from increasing further for Fiscal Year 2010-2011.

Staff recommends that the salary of all unrepresented employees be kept at current levels with one exception. The City phased in the results of a classification/compensation study for miscellaneous employees beginning in 2008. Employees represented by Mid-Management/Supervisory Units and Stockton City Employees Association have had salaries adjusted based on the study, as well as a 2.5% salary increase in fiscal year 2009-10. There are like positions in the Unrepresented Unit (e.g. Office Specialist, Program Manager II, etc.) whose duties and responsibilities are exactly the same as represented employees. However, the unrepresented classifications salaries have not been adjusted, although the cost of the increase has been budgeted. As a result, there is a disparity in like positions that should be addressed.

The salary schedule of all lower level unrepresented administrative support, analysts, and Program Manager I/II positions should be equal to the salary level as represented employees in the same or like classifications. All other adjustments to employee salary schedules, based on the salary survey that was implemented for represented employees, will not be implemented for unrepresented employees. That is, positions within the Unrepresented Unit that have identical positions in the represented units will be adjusted, those positions that are unique to the Unrepresented Unit, such as

June 22, 2010

**APPROVE AND ADOPT THE MODIFIED UNREPRESENTED MANAGEMENT AND
CONFIDENTIAL EMPLOYEES UNIT TOTAL COMPENSATION PLAN AND
INTEGRATION OF LAW DEPARTMENT COMPENSATION PLAN**

(Page 3)

department heads, will not have salary adjustments as a result of Council's actions pursuant to this recommendation. The positions not addressed herein should be addressed through City-wide restructuring to achieve a net savings in cost, or at a minimum, no increased cost to the City's operating budget.

Furlough Days

The purpose of a mandatory furlough is to lessen the need for reductions in force by allowing unrepresented employees to take ninety-six (96) hours of unpaid time off during Fiscal Year 2010-2011, without affecting the employee's accrual of leave time, service, seniority time, or other employee benefits (e.g., eligibility for medical benefits, etc.). A Citywide furlough calendar has been developed for fiscal year 2010-11, modeled after the last two fiscal years based upon the City's operational needs and the meet and confer process required by the Meyers-Milias-Milius Brown Act (Gov. Code §§ 3500, *et seq.*) prior to implementation (Attachment B). The calendar also reflects the City's current modified work week schedule, or 9/80 calendar.

Implementing mandatory furlough days will provide salary savings to the City through deductions in employee salaries.

The mandatory policy would include the following guidelines:

- No type of compensation would be used for the furlough day (e.g., vacation, compensatory time, sick, etc.)
- All existing City benefits would continue to be paid (e.g., health, PERS, life insurance, etc.)
- There would be no break in City service time or loss of seniority
- Taking furlough must not result in the need for additional overtime
- To avoid overtime, employees must not perform any work while on a furlough day

Because a number of unrepresented employees are exempt from the overtime provisions of the Fair Labor Standards Act (29 U.S.C. §§ 201, *et seq.*), implementing furlough days will cause such employees to be considered non-exempt during the workweek in which the furlough occurs. By implementing the above guidelines and switching exempt employees to a non-exempt status during the week in which the furlough is taken, the City is protected from overtime claims liability. These provisions are consistent with section 541.710(b) of the Fair Labor Standards Act, which allows

June 22, 2010

**APPROVE AND ADOPT THE MODIFIED UNREPRESENTED MANAGEMENT AND
CONFIDENTIAL EMPLOYEES UNIT TOTAL COMPENSATION PLAN AND
INTEGRATION OF LAW DEPARTMENT COMPENSATION PLAN**

(Page 4)

public agencies to make deductions from the salary of an otherwise exempt employee for a budget-required furlough.

Benefit Changes

Because the two Compensation Plans have not been modified or updated more frequently, changes to benefit levels need to be modified and/or amended. Attachment A provides a summary of the changes made to the two Compensation plans.

FINANCIAL SUMMARY

Implementation of these actions results in approximately \$1.2 million savings, of which \$535,000 is General Fund savings, savings are for Fiscal Year 2010-11.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'K O'Rourke', with a stylized flourish at the end.

KEVIN O'ROURKE
INTERIM CITY MANAGER

KO: CJM:cas

Attachments

- A – Changes to Unrepresented Compensation Plan
- B – Furlough Calendar

CHANGES TO UNREPRESENTED COMPENSATION PLAN

| | |
|-------------------------|---|
| SALARY INCREASES | No base salary increases. Step increases will continue |
| FURLOUGH | Furloughs will continue with the same type calendar as the last two years |
| PRESCRIPTION CO-PAYS | Prescription co-pays will increase from \$3/\$8 to \$3/\$25 for 30 day supply. For mail order \$3/\$25 for 90 day supply |
| HEALTHCARE DEDUCTIBLES | Deductibles will increase from \$150/individual and \$450/family to \$200/individual and \$500/family |
| HEALTHCARE CONTRIBUTION | Employees will begin contributing to the cost of their healthcare as follows: <div style="margin-left: 40px;"> \$100 Employee only \$175 Employee + 1 \$250 Employee + family </div> |
| RETIREMENT CONTRIBUTION | Will not be imposed at this time, but will be considered in the future |


2010/2011

City of Stockton


City Office Business Hours

2010/2011

City Hall - 425 N El Dorado Street

 Open 8:00 a.m. - 6:00 p.m.

 Alternate Fridays/Closed

 Open 8:00 a.m. - 5:00 p.m.

 Holiday - Closed

 Furlough
All weekends - Closed**2010**

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STOCKTON CITY COUNCIL

RESOLUTION EXTENDING THE UNREPRESENTED MANAGEMENT AND CONFIDENTIAL EMPLOYEES UNIT COMPENSATION PLAN AND LAW DEPARTMENT COMPENSATION PLAN; AUTHORIZING THE CITY MANAGER TO IMPLEMENT A 12-DAY FURLOUGH CALENDAR, FREEZE ALL PAY INCREASES FOR FISCAL YEAR 2010-2011; AND IMPLEMENTATION OF RECOMMENDED BENEFIT CHANGES

The Unrepresented Management and Confidential Employees Compensation Plan and the Law Department Compensation Plan ("Two Plans") are salary and benefits administration programs covering employees who are designated as either "management" or "confidential," and is administered by the City Manager and the City Attorney, respectively. The Compensation Plans have been in place since January 1997 and contain substantially the same terms and conditions of employment as those negotiated by recognized employee representation groups.

The Unrepresented Management and Confidential Employees Unit is one of the most called upon groups of employees in the City, responsible for much of the City's success in employee relations, governmental affairs, and economic development.

Due to an unprecedented decrease in revenue, the City of Stockton is facing extraordinary circumstances and must minimize the impact of future cost-reduction measures and prevent payroll costs from increasing further for the 2010-2011 Fiscal Year; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The Unrepresented Management and Confidential Employees Unit Compensation Plan and the Law Department Compensation Plan are hereby extended effective July 1, 2010, through and including June 30, 2011.

2. The City Manager or City Attorney, respectively, are authorized to implement the modified Unrepresented Management and Confidential Employees Unit Total Compensation Plan and the Law Department Compensation Plan for a one-year period, effective July 1, 2010, through and including June 30, 2011, authorizing the continuation of the 96-hour furlough calendar, elimination of all cost of living increases, implementation of recommended benefit changes, and other terms and conditions of employment. Said terms and furlough calendar are attached as Exhibits A and B respectively.

3. Positions within the Two Plans that are like positions (e.g. Office Specialist, Program Manager II, etc.) within other employee units, based on the results of a classification/compensation study for miscellaneous employees, shall have their salaries adjusted to be equal to other like positions

4. The City Manager or City Attorney are hereby authorized to take whatever actions are appropriate to carry out the purpose and intent of this resolution.

PASSED, APPROVED, and ADOPTED _____.

ANN JOHNSTON, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

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CHANGES TO UNREPRESENTED COMPENSATION PLAN

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| SALARY INCREASES | No base salary increases. Step increases will continue |
| FURLOUGH | Furloughs will continue with the same type calendar as the last two years |
| PRESCRIPTION CO-PAYS | Prescription co-pays will increase from \$3/\$8 to \$3/\$25 for 30 day supply. For mail order \$3/\$25 for 90 day supply |
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| HEALTHCARE CONTRIBUTION | Employees will begin contributing to the cost of their healthcare as follows: <div style="margin-left: 40px;"> \$100 Employee only \$175 Employee + 1 \$250 Employee + family </div> |
| RETIREMENT CONTRIBUTION | Will not be imposed at this time, but will be considered in the future |

City of Stockton

2010/2011

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2010/2011

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Furlough

All weekends - Closed

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EXHIBIT B

CITY COUNCIL/REDEVELOPMENT AGENCY

AGENDA ITEM 6.04

June 22, 2010

TO: Mayor and City Council

FROM: Kevin O'Rourke, Interim City Manager

SUBJECT: **ACTION PLAN FOR FISCAL SUSTAINABILITY**

RECOMMENDATION

It is recommended that the City Council consider an Action Plan for fiscal sustainability that will guide the City and provide a blueprint for the public to understand the issues currently facing the City, and act as a mandate both for making immediate changes and for long-term restructuring of labor agreements to restore a balance between employment costs and the preservation of City services, while ensuring maximum transparency for the public.

Summary

Council recognizes the need for a long-term plan to address the City's escalating employment and costs in its labor agreements, and took the first step by adopting Resolution 10-0166 declaring a fiscal emergency. Council will now consider an Action Plan that will serve as a policy blueprint for the City's labor relations program.

DISCUSSION

Background

The City of Stockton faces immediate and long term challenges caused in part by escalating and unfunded costs in its labor agreements. These costs include costs such as additional pay, side agreements, automatic wage increases, labor agreements, health and welfare benefits, retirement, vacation, and overtime. It is the City management's intent to mitigate future foreseeable escalating labor costs that threaten the fiscal sustainability by implementing this Action Plan.

Present Situation

On May 26, 2010, City Council adopted resolution 10-0166 declaring a State of Emergency based on fiscal circumstances; making certain findings, and directing the City Manager to take appropriate and lawful measures to achieve a balanced budget for fiscal year 2010-2011. Currently, some of the City's labor unions have insisted on higher wages and benefits at a time of recession - when the City's unemployment rate is approximately 22 percent, and the median household income for a family of four is just over \$63,000. A ten point Action Plan is being proposed and is intended to serve as a policy blueprint for the City's labor relations program. The City is committed to abiding

June 22, 2010

ACTION PLAN FOR FISCAL SUSTAINABILITY

(Page 2)

by the Meyers-Miliias-Brown Act (MMBA), and will continue to negotiate in good faith, seeking partnerships whenever reasonably possible with labor.

FINANCIAL SUMMARY

There is no fiscal impact to the City with this action.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'K. O'Rourke', is written over the typed name.

KEVIN O'ROURKE
INTERIM CITY MANAGER

KO:CM:cbs

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Resolution No. _____

STOCKTON CITY COUNCIL

RESOLUTION BY THE CITY COUNCIL OF THE CITY OF STOCKTON ADOPTING AN ACTION PLAN FOR FISCAL SUSTAINABILITY

By City Council Resolution No. 10-0166, adopted on May 26, 2010, the City declared a state of emergency based on fiscal circumstances; and

The City is committed to implementing a plan that will restore long term fiscal integrity for the benefit of the City's citizens; and

The City desires that its Action Plan be transparent and understandable throughout the community; and

The City values its employees and wants to compensate them fairly and appropriately; and

The City's labor contracts include a host of costs and features that create inappropriate escalating and unfunded liabilities; and

The City desires to clearly articulate a plan that will serve as the blueprint for future labor negotiations; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS
FOLLOWS:

1. The City Council of the City Stockton hereby adopts the attached Action Plan for Fiscal Sustainability.

2. The City Manager is authorized to take such actions as are appropriate to carry out the intent of this Resolution.

PASSED, APPROVED and ADOPTED _____.

ANN JOHNSTON, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

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City Atty: _____
Review _____
Date June 17, 2010

ACTION PLAN FOR FISCAL SUSTAINABILITY AS ADOPTED BY THE CITY COUNCIL OF THE CITY OF STOCKTON JUNE 22, 2010

Introduction

The City of Stockton ("the City") faces immediate and long term challenges caused in part by escalating and unfunded costs in its labor agreements. The City greatly values its employees and the services they provide to the community. However, labor costs have escalated exponentially and unfairly, particularly when compared to the more modest wage and benefit programs covering the majority of the City's citizens. It is unacceptable that some of the City's labor unions have insisted on higher wages and benefits at a time of recession - when the City's unemployment rate is approximately 22%, and the median household income for a family of four is just over \$63,000.

This ten point Action Plan is intended to serve as a policy blueprint for the City's labor relations program. The City is committed to abiding by the Meyers-Milias-Brown Act ("MMBA"), and will continue to negotiate in good faith, seeking partnerships whenever reasonably possible with labor. This Action Plan shall serve as the benchmark for future objectives with labor.

Issues and Action Plan Principles

Issue No. 1 – Transparency / Hidden Costs:

The City's labor agreements contain embedded costs and obligations that are often difficult for citizens to identify or understand. For example, the City's payroll system carries over 100 different "additional pay" codes ranging from "assignment pay" to "longevity pay" and others. In many instances, these are simply disguised forms of

regular salary. These additional pays make it difficult for the public to evaluate and understand the overall compensation of City employees.

Action Plan Principle No. 1: The City shall reduce or eliminate “additional pay” categories. “Additional pays” will be authorized only when the additional pay is absolutely essential to the performance of special job tasks that are not encompassed within the job description. The City shall ensure that all compensation packages are fully, accurately and simply costed out, with total costs displayed to the public so that city residents can understand and evaluate the pay at issue. Unless there are exigent circumstances as determined by the City Council, labor agreements containing cost increases shall be publicized and made available at least two weeks prior to adoption.

Issue No. 2 – Transparency / Side Letters: The City is aware of certain “side agreements,” other informal memoranda memorializing understandings between departments and labor unions and “past practices” alleged to bind the City. Such “side agreements” and allegedly binding “past practices” are inappropriate because they increase costs, and detract from two critical principles: (1) the public has a right to know the contractual arrangements and obligations affecting public employees; and (2) pursuant to state law, labor commitments by a public agency must be approved by the City Council.

Action Plan Principle No. 2: No side agreements or past practices shall be binding on the City unless the agreement or practice is approved in public by the City Council. New labor agreements shall supersede all previous agreements and practices, and shall not contain language preserving previous agreements or practices.

Issue No. 3 – Salary Formulae: Various City labor agreements contain wage and salary formulae that mandate automatic wage increases regardless of economic reality based upon compensation paid in other cities and/or changes in the cost of living. For example, the Police Officers Association (“POA”) recently filed a grievance to enforce a wage formula that the POA contended required the City to give a 23% wage increase as of July 2008. The salary formula itself required the City to compare salaries from communities that have little or marginal relevance to Stockton, including Irvine, Glendale, Anaheim, Chula Vista and Bakersfield. The City eventually settled, resulting in a retroactive wage *increase* of 15% at a time when the City was in the midst of a financial crisis, and many of the City’s citizens were suffering from layoffs and reduced pay.

The Fire Union is currently asserting the right to an 8.5% raise based on a similar salary formula, which confers automatic adjustments based on irrational comparisons to communities including Anaheim, Fresno, Garden Grove, Huntington Beach, Pasadena, San Bernardino, Santa Ana and Torrance. In addition, the fire contract would provide for a 3.6% increase based upon a cost of living formula.

Action Principle No. 3: The City’s labor agreements shall not provide for automatic wage adjustments that are premised on formulae or automatic cost of living inflators.

Issue No. 4 – Fairness and Parity: The City’s labor agreements have staggered terms, meaning that they expire at different times. This results in a “ratcheting effect” – i.e., the next union to negotiate looks to the last agreement and attempts to negotiate a better agreement. It also results in differing benefit structures and work rules. And, it

makes it difficult to ensure across-the-board fairness in City-wide programs that should be given uniform treatment.

Action Principle No. 4: The City shall strive to have its labor agreements expire at the same time – particularly with public safety unions.

Issue No. 5 – Contribution to Health and Welfare Benefits: Many of the City's employees make no contribution toward health benefits. For example, City firefighters pay nothing for health coverage, regardless of whether they are single, married or in a family plan costing over \$1000 per month. This situation is in stark contrast to the vast majority of the City's residents, many of whom must contribute toward their health care, and some of whom have no health care coverage at all. The situation is not only costly and out-of-step with other jurisdictions, it is unfair.

Action Principle No. 5: The City shall require its employees to make reasonable contributions toward the cost of health care coverage provided through the City.

Issue No. 6 - Health Plan: The City currently offers only one health plan, a self-insured plan, with the plan design itself embedded into various labor contracts. Because the plan elements are embedded into labor contracts, it is cumbersome for the City to make changes that provide efficiencies and savings, even when those changes have little fiscal impact on employees and retirees. In addition, because the City only offers one plan – a quality plan that has a relatively high cost – City employees have no health care choices.

Action Principle No. 6: The City shall offer one or more additional health care insurance plans. The City's contributions shall be negotiated based on the lowest cost plan made available by the City.

Issue No. 7 – Retirement: City employees are guaranteed a specific, annual pension at retirement. The City currently pays 100% of the retirement contribution to the California Public Employee's Retirement System (CalPERS) for all employees. The City contribution is expected to exceed 20% of the City's payroll costs over the next few years for non-safety employees and 40% for safety employees. In addition, current retirement is based on the highest year of salary earned. This practice is inconsistent with both public and private sector employers.

Regular, non-safety employees receive lifelong pensions calculated using a formula of "2% at age 55."

- Regular City employees with 30 years of services receive 60% of their highest year's salary for life.
- Regular City employees with 20 years of service receive 40% of their highest year's salary for life.
- Retirees receive an annual COLA of up to 5% a year.

Safety employees receive "3% at age 50." Upon retirement, an employee will annually receive 3% of their highest year's salary, multiplied by the number of years of service.

- Safety employees with 30 years receive 90% of their highest year's salary for life.

- Safety employees with 20 years of service receive 60% of their highest year's salary for life.
- Safety retirees receive an annual COLA of up to 2% a year.

Action Principle No. 7: The City will require its employees to contribute a fair share of their pension costs. CalPERS sets a required "employee" contribution: currently 7% for non-sworn employees, and 9% for sworn employees. City employees shall pay the entire employee contribution. In addition, the City shall negotiate "cost share" agreements with employees to share the total burden of city pension costs, as provided under PERS rules. Further, the City shall negotiate to establish a "second tier" pension benefit for new employees entering the workforce, costing less than the current plans and reducing overall City costs over the long run.

Issue No. 8 – Time Off Benefits: Currently, City employees receive paid time off for holidays, vacation days, and sick days. Employees can accumulate up to 8 weeks of vacation annually. Vacation time is converted to cash through "sell-back," or at termination or retirement. Employees can accumulate an unlimited amount of sick leave; half of an employee's sick leave is converted to cash at retirement and the other half can be added to years of service for the calculation of the retirement benefit. Staffing shortages, furloughs and closed Fridays create larger banks of accumulated vacation time that must be paid out when not used. The budget impact is often unpredictable and unmanageable, which reduces the City's ability to deliver services to the public.

Action Principle No. 8: The City will establish vacation use work rules that limit the accumulation of vacation time and provide for use with management approval to

ensure that the needs of the public take priority and overtime is minimized. The rules shall also limit the practice of converting vacation and sick leave to cash to situations when such cash-out is legally required. The City shall evaluate the current leave programs and implement reasonable reforms consistent with programs in the public and private sectors.

Issue No. 9 - Work Rules: The labor contracts, and informal department policies, contain staffing work rules that limit management discretion and are highly inefficient. The Fire Union contract, for example, contains a variety of staffing mandates that purport to remove any discretion on the part of the City to adapt to the needs of the service and modernize. For example, the labor contract provides that fire trucks must be staffed by five firefighters, when the vast majority of jurisdictions safely operate fire trucks with four persons, and the contract contains numerous other dictates that hamper the Fire Chief's ability to manage the workforce efficiently.

Action Principle No. 9: The City shall regain its management rights to supervise, manage and direct its workforce. The City shall not enter into labor contracts that contain inflexible staffing requirements or unreasonable restrictions on the City's management rights.

Issue No. 10 – Overtime: The City's overtime practices are out-of-step with the federal Fair Labor Standards Act ("FLSA"). In some highly publicized cases, employee overtime has *exceeded* employee base pay. There are opportunities for abuse when employees take sick or other leave that require the callback of another employee at overtime rates.

Action Principle No. 10: The City shall restructure its labor agreements to bring overtime obligations in line with the minimums required by the Fair Labor Standards Act. The City shall minimize the use of unnecessary overtime.

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Resolution No. _____

STOCKTON CITY COUNCIL

RESOLUTION BY THE CITY COUNCIL OF THE CITY OF STOCKTON ADOPTING AN ACTION PLAN FOR FISCAL SUSTAINABILITY

By City Council Resolution No. 10-0166, adopted on May 26, 2010, the City declared a state of emergency based on fiscal circumstances; and

The City is committed to implementing a plan that will restore long term fiscal integrity for the benefit of the City's citizens; and

The City desires that its Action Plan be transparent and understandable throughout the community; and

The City values its employees and wants to compensate them fairly and appropriately; and

The City's labor contracts include a host of costs and features that create inappropriate escalating and unfunded liabilities; and

The City desires to clearly articulate a plan that will serve as the blueprint for future labor negotiations; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS
FOLLOWS:

1. The City Council of the City Stockton hereby adopts the attached Action Plan for Fiscal Sustainability.

2. The City Manager is authorized to take such actions as are appropriate to carry out the intent of this Resolution.

PASSED, APPROVED and ADOPTED _____.

ANN JOHNSTON, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

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City Atty: _____
Review _____
Date June 17, 2010

CITY COUNCIL/REDEVELOPMENT AGENCY

AGENDA ITEM 6.05

June 22, 2010

TO: Mayor and City Council

FROM: Kevin O'Rourke, Interim City Manager

SUBJECT: **ADOPT EMERGENCY MEASURES AFFECTING THE TERMS AND CONDITIONS OF SWORN EMPLOYEES IN THE FIRE DEPARTMENT**

RECOMMENDATION

It is recommended that the City Council adopt a resolution imposing temporary emergency measures affecting sworn members of the Fire Department. This resolution will permit the City to achieve a balanced budget without necessitating numerous layoffs in the Police Department - layoffs that are unacceptable given the City's crime problems. This resolution is consistent with Resolution 10-0166, and will help ameliorate the City's state of emergency based on fiscal circumstances.

Summary

On May 26, 2010 the City declared a state of emergency based on fiscal circumstances (Resolution 10-0166). The City and the Fire Union have met on several occasions in an effort to reach an agreement on economic concessions. The Fire Union has declined to make any concessions unless the City agrees to extend the current contract for two years. The Fire Union contracts contain a number of provisions that demand restructuring including changes that must be made if the City is to achieve a sustainable budget. A contract extension is not a reasonable alternative under the circumstances. The City's current contractual commitments to Fire Local Union 456 impede its ability to eliminate the budget shortfall without cuts in police staffing levels that would endanger the public. The proposed resolution will impose the following temporary measures pending re-negotiation and economic recovery: suspension of compensation increases, temporary shut down of truck # 4, freeze on leave usage, and Health Plan design changes.

DISCUSSION

Background

ON MAY 26, 2010 THE CITY DECLARED A STATE OF EMERGENCY BASED ON FISCAL CIRCUMSTANCES

By Resolution No. 10-0166, the City Council declared a state of emergency based on a fiscal emergency. The City faced a gap between anticipated revenues and anticipated costs of approximately \$23 million. The cost of public safety (police and fire) comprises approximately 78% of the City's general fund expenditures. As described in the staff

**ADOPT EMERGENCY MEASURES AFFECTING THE TERMS AND CONDITIONS OF
SWORN EMPLOYEES IN THE FIRE DEPARTMENT**

(Page 2)

report accompanying the declaration of fiscal emergency, the budget gap is due to extraordinary, sustained declines in revenue that are projected to continue through the 2010-11 budget year.

The City's current contractual commitments to public safety labor organizations impede its ability to eliminate the budget shortfall without cuts in police staffing levels that would endanger the public.

The proposed budget contains a "Plan A" and a "Plan B." Plan A assumes the City successfully implements the temporary measures (described below) pending further negotiations with the Fire Union – IAFF, Local 456. Plan A would require the layoff of 26 sworn police officers; Plan B would require the City to lay off 66 sworn police officers.

The City's firefighters are scheduled to receive raises based on the current agreements with Local 456. It is manifestly unreasonable for the City to grant large wage increases to firefighters while laying off a significant portion of its police force. Plan A would prevent these raises from going into effect pending further negotiations and resolution of the City's fiscal crisis. Plan A is narrowly tailored to permit the City to balance its budget over the objection of Local 456. The City believes Plan A is appropriate and lawful. If the City is prevented from implementing Plan A as a result of legal actions or for any other reason, the City will be forced to implement Plan B – which necessitates the layoff of an additional forty police officers.

Stockton suffers from the second highest violent crime rate in California. Requiring the City to layoff forty additional police officers in order to fund higher firefighter compensation is an unacceptable alternative that will place the City's citizens at risk.

LABOR NEGOTIATIONS WITH LOCAL 456

The City and the Fire Union have met on several occasions in an effort to reach an agreement on economic concessions. The Fire Union's contract was extended once, and is now set to expire on June 30, 2011.

The Fire Union has declined to make *any* concessions unless the City agrees to extend the current contract for two years. In addition, the Fire Union's proposed concessions, in general, simply extend the financial commitments (including the scheduled raises) into fiscal year 2011-2012 – when the City is predicted to again suffer from a severe budget shortfall unless major structural changes are made.

**ADOPT EMERGENCY MEASURES AFFECTING THE TERMS AND CONDITIONS OF
SWORN EMPLOYEES IN THE FIRE DEPARTMENT**

(Page 3)

The Fire Union contracts contain a number of provisions that demand restructuring, including work rules purporting to limit management discretion, a myriad of compensation "additional pays," fully paid retirement (employees make no contribution), and fully paid health (employees make no contribution). These and other structural changes including changes must be made if the City is to achieve a sustainable budget.

A contract extension is not a reasonable alternative under the circumstances. The contract must be permitted to expire, so the parties can fully and fairly negotiate under the Meyers-Milias-Brown Act ("MMBA").

Present Situation

**TEMPORARY MEASURES TO BE IMPOSED PENDING RE-NEGOTIATION AND
ECONOMIC RECOVERY**

There are four categories of cost savings to be imposed temporarily pending re-negotiation of the labor contract, and the City's overall economic recovery: (a) Suspension of scheduled compensation increases for fiscal year 2010-2011; (b) Closure of a Truck Company; (c) Authorizing the City Manager to Impose a Freeze on Employee Leave Usage; and (d) Health Plan design changes.

A. Suspension of Compensation Increases

Under the current labor agreements, there are various compensation increases scheduled to occur in the upcoming fiscal year, including: (1) 8.5% salary increase; (2) 3.68% COLA salary increase; (3) uniform allowance; and (4) a provision giving 5% wage increases to 15 employees achieving "Hazmat" certification.

B. Temporary Shut Down of Truck # 4

The Fire Department has conducted an analysis of existing trucks, and whether a truck company could be closed responsibly. The Fire Department recommends closure of Truck Company No. 4. This closure will affect 15 firefighters assigned to Truck 4. The 15 firefighters would not be laid off, but instead would be redeployed into a relief pool, thus generating an overtime savings.

The Fire Chief states as follows:

**ADOPT EMERGENCY MEASURES AFFECTING THE TERMS AND CONDITIONS OF
SWORN EMPLOYEES IN THE FIRE DEPARTMENT**

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"While all four existing truck companies are needed to provide an adequate truck company response, given the current fiscal emergency, a truck company could be closed to achieve budget savings. Closing Truck 4, quartered at the fire station located near Pacific Avenue and Robinhood Drive, will have the least service level impact. Truck 7 was opened on Hammer Lane and Alexandria Place based on the current and proposed growth on the northern boundary of the city. As this growth has slowed dramatically, Truck 7 can provide adequate response coverage into the Truck 4 primary response area. Additionally, between Truck 7 and Truck 2, the department can meet an 8 minute response time for most of the Truck 4 response area. Reducing the number of truck companies by one will create an adverse condition in depth of truck company resources which will most likely occur during significant fire incidents or other prolonged emergencies. This impact can be mitigated by firefighter call back when such incidents occur."

The City also worked with an expert in fire deployment, Stewart Gary of Citygate Associates. Mr. Gary concurs in the opinion that Truck 4 can be safely closed on a temporary basis, resulting in significant savings (approximately \$2.2 million).

C. Freeze on Leave Usage

The current minimum staffing arrangement in the Fire Department, coupled with the significant amount of paid leave time made available to fire employees, creates a significant overtime cost. This occurs because an employee can take time off, and trigger a "hire back" requirement of another employee to work at an overtime rate.

This provision in the resolution authorizes the City Manager to impose a freeze or other restrictions on leave usages in order to curtail spiraling overtime costs.

D. Health Care Plan

Pursuant to City Manager Administrative Directive MAN-17, a joint labor and management Health Advisory Committee has been meeting throughout the year to discuss alternatives to the medical plan to achieve a more cost effective model. The Committee is comprised of employees for each bargaining unit, as well as a representative appointed by the City Manager on behalf of unrepresented employees.

June 22, 2010

**ADOPT EMERGENCY MEASURES AFFECTING THE TERMS AND CONDITIONS OF
SWORN EMPLOYEES IN THE FIRE DEPARTMENT**

(Page 5)

After several meetings, the Committee unanimously agreed to recommend plan design changes to their respective bargaining units for adoption. The plan design changes will increase pharmacy co-pays from \$3.00 for generic and \$8.00 for brand names for a 30-day supply, to \$3.00 and \$25.00 respectively. For prescriptions that are filled through the mail, which generates a greater savings for the City, a 90-day supply will be provided for the same \$3.00 and \$25.00 co-pay.

Additionally, the deductibles will increase from \$150 to \$200 for individuals, and from \$450 to \$500 for a family.

It is imperative that the plan design changes are implemented City-wide to achieve maximum savings; moreover, the benefits department is not staffed to administer multiple plan designs for healthcare.

These measures are narrowly tailored to achieve required savings in the Fire Department, while minimizing hardships on employees. These are temporary measures pending further negotiation with the Fire Union.

The measures are adopted for a public purpose to protect the vital interests of the community, including without limitation the interest in avoiding police layoffs at a time when the community faces serious crime problems.

Staff recommends that the Council adopt the Plan A budget and impose the temporary measures set forth in the accompanying resolution. This resolution will be periodically revisited – at least once per quarter (or earlier if circumstances suggest a change in conditions) to determine whether all or part of the resolution can be modified or terminated.

Respectfully submitted,


for KEVIN O'ROURKE
INTERIM CITY MANAGER

KO:CM:cbs

Attachments: Declaration from Fire Chief Ron Hittle
Letter from Fire Chief Ron Hittle

DECLARATION OF FIRE CHIEF RON HITTLE

1. I am the Fire Chief of the City of Stockton Fire Department. This is my fourth year as Fire Chief. The following facts are within my personal knowledge and, if called upon to testify, I could and would testify competently with respect thereto.

2. I have served as a sworn member in the Stockton Fire Department for approximately 23 years. I worked my way up through the ranks of Firefighter, Captain, Battalion Chief, Division Chief, Deputy Chief and Chief. I am familiar with the practices and procedures in our fire service, and I have overall responsibility for the command and management of the Fire Department.

3. As Fire Chief, I have grappled with various ways to reduce Fire Department costs in light of the City's economic condition and Declaration of Emergency based on fiscal circumstances. My staff and I looked at numerous options, and eventually proposed two staffing alternatives.

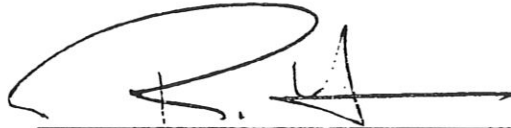
4. Attached hereto as Exhibit A is a true and correct copy of my memorandum to Kevin O'Rourke, Interim City Manager. The memorandum provides two options: (a) the temporary shut down of Truck 4; and (b) the reduction of fire truck staffing from five to four firefighters.

5. Either of the two options outlined in my memorandum is appropriate and reasonable for a period of time under the circumstances.

6. I have also analyzed the option of controlling leaves, and if given management control over use of leaves, I could significantly reduce overtime costs by reducing the number of firefighters who must be hired back to cover absent firefighters.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 21st day of June 2010, in Stockton, California.

A handwritten signature in black ink, appearing to be 'R. Hittle', written over a horizontal line.

FIRE CHIEF RON HITTLE

June 17, 2010

MEMORANDUM

TO: Kevin O'Rourke, Interim City Manager

FROM: Ronald L. Hittle, Fire Chief

SUBJECT: **TRUCK 4 CLOSURE / REDUCED TRUCK COMPANY STAFFING**

Based on our discussions I am presenting two alternatives to achieve the necessary level of budget savings for fiscal year 2011/10. The first alternative is to close a truck company and the second is to reduce staffing on each of the four truck companies from 5 firefighters to 4.

Truck 4 Closure

While all four existing truck companies are needed to provide an adequate truck company response, given the current fiscal emergency, a truck company could be closed to achieve budget savings. Closing Truck 4, quartered at the fire station located near Pacific Avenue and Robinhood Drive, will have the least service level impact. Truck 7 was opened at Hammer Lane and Alexandria Place based on the current and proposed growth on the northern boundary of the city. As this growth has slowed dramatically, Truck 7 can provide adequate response coverage into the Truck 4 primary response area. Additionally, between Truck 7 and Truck 2, the department can meet an 8 minute response time for most of the Truck 4 response area. Reducing the number of truck companies by one will create an adverse condition in depth of truck company resources which will most likely occur during significant fire incidents or other prolonged emergencies. This impact can be mitigated by firefighter call back when such incidents occur.

Reduced Truck Company Staffing

The alternative to reduce daily staffing without direct service level impact is reducing the staffing on each of the four truck companies from five to four firefighters. While the existing truck company staffing is optimal, based on the fire department annual incident volume, reducing staffing still allows adequate staffing for the truck companies to operate effectively and safely. This staffing modification will reduce the number of firefighters at a fire scene by two. Additional companies can be requested to support larger scale incidents or sustained emergency incidents. The advantage of this option is that the department maintains the depth of truck companies to respond to simultaneous emergency incidents.



RONALD L. HITTLE
FIRE CHIEF

RLH:aa

Resolution No. _____

STOCKTON CITY COUNCIL

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RESOLUTION BY THE CITY COUNCIL OF THE CITY OF STOCKTON ADOPTING EMERGENCY MEASURES AFFECTING THE TERMS AND CONDITIONS OF SWORN EMPLOYEES IN THE FIRE DEPARTMENT

By City Council Resolution No. 10-0166, adopted on May 26, 2010, the City declared a state of emergency based on fiscal circumstances; and

The City initiated negotiation sessions with the Stockton Firefighters' Local 456 (representing sworn fire personnel in the Fire Department) ("Local 456"); and

The City met with the Union's representatives on March 3, 2010, May 23, 2010, May 31, 2010, June 8, 2010, and June 15, 2010; and

The Union declined to discuss any possible alterations to staffing models; and

The City was otherwise unable to reach agreement on economic concessions that would achieve a balanced budget; and

The City must impose certain terms and conditions in light of the fiscal emergency, pending further negotiations with Local 456, in order to achieve a balanced budget and avert drastic measures that would endanger the health, safety and well-being of the City's citizens; now, therefore,


BASED ON THE CITY'S STATE OF EMERGENCY, THE CITY COUNCIL OF THE CITY OF STOCKTON HEREBY AUTHORIZES THE FOLLOWING TEMPORARY MEASURES:

1. All provisions in the Memorandum of Understanding dated July 1, 2003 – June 30, 2011, between the City of Stockton and the Fire Unit of Local 456, including without limitation all amendments thereto, letters of understanding, and side letters that would require the City to grant wage or compensation increases of any kind in the fiscal year 2010-2011 are hereby suspended, pending further negotiation with Local 456 and resolution of the City's state of emergency based on fiscal circumstances.

2. All provisions in the Memorandum of Understanding dated July 1, 2003 – June 30, 2011, between the City of Stockton and the Fire Services Management Unit of Local 456, including without limitation all amendments thereto, letters of understanding, and side letters that would require the City to grant wage or compensation increases of any kind in the fiscal year 2010-2011 are hereby suspended, pending further negotiation

CITY CLERK
REVIEW

DATE


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with Local 456 and resolution of the City's state of emergency based on fiscal circumstances.

3. Truck Company No. 4 shall be closed until further notice. Firefighters assigned to Truck Company No. 4 shall be reassigned in the discretion of the Fire Chief to reduce overtime.

4. The City Manager is hereby authorized to impose temporary measures to regulate the use of paid leaves in order to minimize overtime and costs.

5. The City Manager is hereby authorized to impose the health care plan design changes. This includes increasing pharmacy co-pays from \$3.00 for generic and \$8.00 for brand names for a 30-day supply, to \$3.00 and \$25.00 respectively. For prescriptions that are filled through the mail, a 90-day supply will be provided for the same \$3.00 and \$25.00 co-pay. Also, plan changes include increasing deductibles from \$150 to \$200 for individuals, and \$450 to \$500 for a family.

6. The City shall continue to invite the Local 456 to negotiate concerning these measures in an effort to reach agreement in good faith.

7. This resolution will be periodically revisited - at least once per quarter (or earlier if circumstances suggest a change in conditions) to determine whether all or part of the resolution can be modified or terminated.

8. If any measure imposed by this resolution is found to be unenforceable, then the remaining provisions shall remain valid and enforceable unless and until the City Council determines to amend the resolution to conform to such a finding.

9. The City Manager is hereby authorized to take the steps that are appropriate to carry out the purpose and intent of this resolution.

PASSED, APPROVED and ADOPTED _____.

ANN JOHNSTON, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

CITY COUNCIL/REDEVELOPMENT AGENCY

AGENDA ITEM 6.06

June 22, 2010

TO: Mayor and City Council

FROM: Kevin O'Rourke, Interim City Manager

SUBJECT: **RESOLUTION BY THE CITY COUNCIL OF THE CITY OF STOCKTON
ADOPTING EMERGENCY MEASURES AFFECTING THE TERMS AND
CONDITIONS OF SWORN EMPLOYEES IN THE POLICE
DEPARTMENT**

RECOMMENDATION

It is recommended that the City Council adopt the proposed resolution imposing temporary emergency measures affecting sworn members of the Police Department. This legislation will permit the City to achieve a balanced budget without necessitating numerous additional layoffs in the Police Department - layoffs that are unacceptable given the City's crime problems. This resolution is consistent with Resolution No. 10-0166, and will help ameliorate the City's state of emergency based on fiscal circumstances.

Summary

On May 26, 2010 the City declared a state of emergency based on fiscal circumstances (Resolution 10-0166). The City has repeatedly invited the SPOA to negotiate, but the SPOA has refused unless the City waives certain legal rights. The SPOA has declined to make any proposal that would help the City balance its budget or achieve economic concessions. The proposed resolution will impose the following temporary measures pending re-negotiation and economic recovery: suspension of compensation increases, 12 hour shifts, and Health Plan design changes.

DISCUSSION

Background

ON MAY 26, 2010 THE CITY DECLARED A STATE OF EMERGENCY BASED ON FISCAL CIRCUMSTANCES

By Resolution No. 10-0166, the City Council declared a state of emergency based on a fiscal emergency. The City faced a gap between anticipated revenues and anticipated costs of approximately \$23 million. The cost of public safety (police and fire) comprises approximately 78% of the City's general fund expenditures.

The City's current contractual commitments to public safety labor organizations are impeding its ability to eliminate the budget shortfall.

June 22, 2010

**RESOLUTION BY THE CITY COUNCIL OF THE CITY OF STOCKTON ADOPTING
EMERGENCY MEASURES AFFECTING THE TERMS AND CONDITIONS OF
SWORN EMPLOYEES IN THE POLICE DEPARTMENT**

(Page 2)

The proposed budget contains a "Plan A" and a "Plan B." Plan A assumes the City can successfully implement temporary measures (described below) pending negotiations with the Stockton Police Officers Association ("SPOA") and the Fire Union – IAFF, Local 456. Plan A includes a component that would require the layoff of 26 sworn police officers. Plan B would require the City to lay off 66 police officers – posing an unacceptable risk to the public.

The City's police employees are scheduled to receive raises based on the current agreements with SPOA. Plan A would stop these raises from going into effect, on a temporary basis, pending further negotiations and resolution of the City's fiscal crisis.

Plan A is narrowly tailored to permit the City to balance its budget. The City believes Plan A is appropriate and lawful. If the City is prevented by legal challenges or for other reasons from implementing Plan A, the City will be forced to implement Plan B – which necessitates the layoff of an additional forty police officers.

Stockton suffers from the second highest violent crime rate in California. Requiring the City to layoff 40 additional police officers in order to fund higher firefighter compensation is an unacceptable alternative that will place the City's citizens at risk.

The temporary measures imposed through this resolution are intended to achieve a balanced resolution, with all employees sharing in the solution.

LABOR NEGOTIATIONS WITH THE SPOA

The City has repeatedly invited the SPOA to negotiate, but the SPOA has refused unless the City waives certain legal rights. The SPOA has declined to make any proposal that would help the City balance its budget or achieve economic concessions.

Present Situation

**TEMPORARY MEASURES TO BE IMPOSED PENDING RE-NEGOTIATION AND
ECONOMIC RECOVERY**

In addition to layoffs, there are three categories of cost savings to be imposed temporarily pending re-negotiation of the labor contract, and the City's overall economic recovery: (a) Suspension of scheduled compensation increases for fiscal year 2010-

**RESOLUTION BY THE CITY COUNCIL OF THE CITY OF STOCKTON ADOPTING
EMERGENCY MEASURES AFFECTING THE TERMS AND CONDITIONS OF
SWORN EMPLOYEES IN THE POLICE DEPARTMENT**

(Page 3)

2011; (b) Authorizing the City Manager to Change the Shift Schedule to a 12 Hour Per Day Schedule; and (c) Health Plan design changes.

A. Suspension of Compensation Increases

Under the current labor agreement, there are two compensation increases scheduled to occur in the upcoming fiscal year, including: (1) 3% salary increase effective January 1, 2011; and (2) reinstatement of a uniform allowance. This resolution would suspend these compensation increases.

B. 12 Hour Shifts

The Police Department has conducted an analysis of current schedule in patrol, and has determined that efficiency can be improved by up to 20% by, among other things, implementing 12 hour shifts. This efficiency will assist the City in maintaining public safety despite the 26 layoffs of sworn officers anticipated under Plan A.

The plan is outlined in the attached PowerPoint slide presentation.

C. Health Care Plan

The provisions in the resolution authorize the City Manager to impose health care plan design changes unanimously agreed to by the Health Advisory Committee established by City Manager Administrative Directive MAN-17. These changes include increasing pharmacy co-pays from \$3.00 for generic and \$8.00 for brand names for a 30-day supply, to \$3.00 and \$25.00 respectively. For prescriptions that are filled through the mail, a 90-day supply will be provided for the same \$3.00 and \$25.00 co-pay. Also, deductibles will be increased from \$150 to \$200 for individuals, and from \$450 to \$500 for a family.

It is imperative that the plan design changes are implemented City-wide to achieve maximum savings; moreover, the benefits department is not staffed to administer multiple plan designs for healthcare.

The Health Advisory Committee is comprised of employees for each bargaining unit, as well as a representative appointed by the City Manager on behalf of unrepresented employees.

June 22, 2010

**RESOLUTION BY THE CITY COUNCIL OF THE CITY OF STOCKTON ADOPTING
EMERGENCY MEASURES AFFECTING THE TERMS AND CONDITIONS OF
SWORN EMPLOYEES IN THE POLICE DEPARTMENT**

(Page 4)

These measures are narrowly tailored to achieve savings in the Police Department, while minimizing hardships on employees. These are temporary measures pending negotiation with the Police Union. The measures are adopted for a public purpose to protect the vital interests of the community, including without limitation the interest in avoiding police layoffs at a time when the community faces serious crime problems.

Staff recommends the adoption of the accompanying resolution. This resolution will be periodically revisited – at least once per quarter (or earlier if circumstances suggest a change in conditions) to determine whether all or part of the resolution can be modified or terminated.

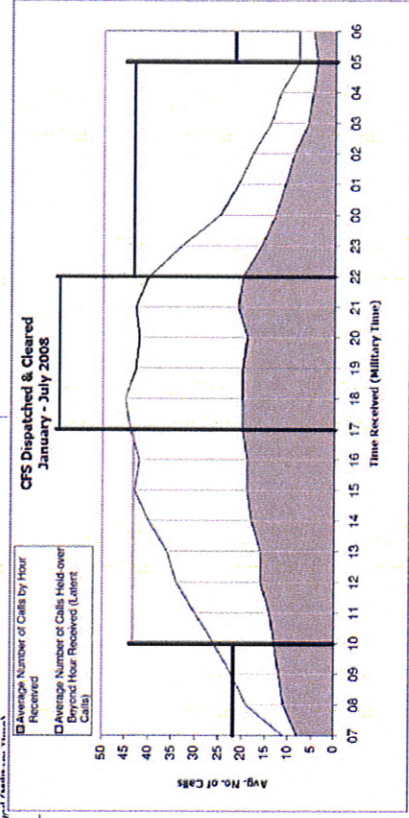
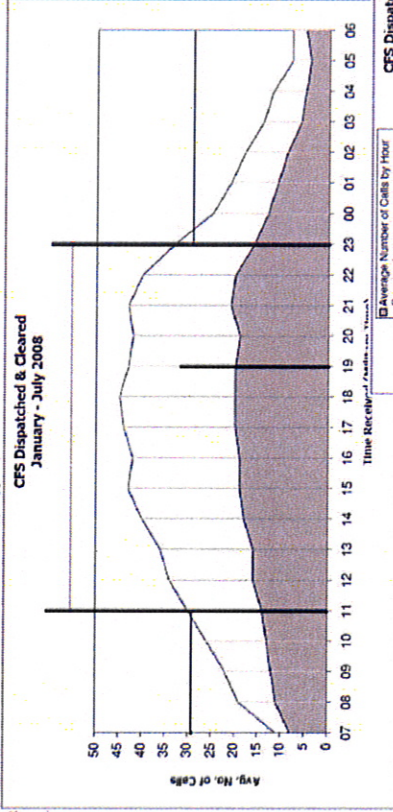
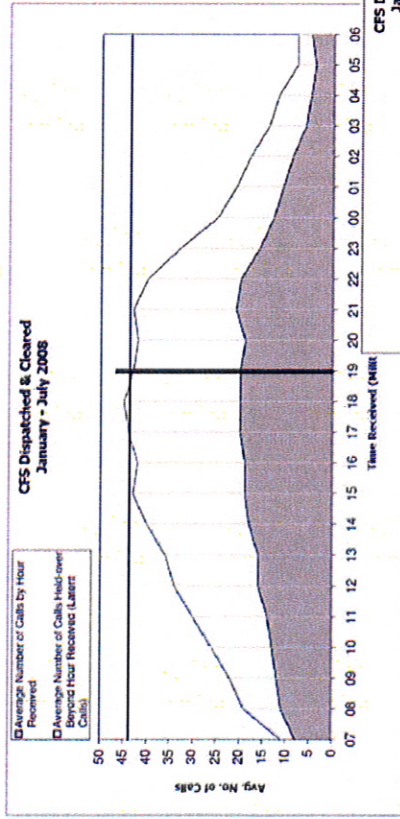
Respectfully submitted,


KEVIN O'ROURKE
INTERIM CITY MANAGER

KO:CM:cbs

Attachments: 12-Hour Shift Plan PowerPoint

12-Hour Shift Plan



Definitions

- Definitions for this Presentation
 - Day 1, Night 1, Day 2, Night 2
 - Defines names for four squads
 - Can be “Team 1”, “Crew 1”, “Squad 1”, etc
- Pitman Schedule (variation)
 - 12-hours shift plan, rotating days off, but not rotating shifts

12-hour shifts Options

- Two, three or four shifts per day
- About 300 different variations
- Rotating days off
- Can also rotate shifts
- 2, 4, 6 or 8-week repeating cycles
- “Flex-cars” can work earlier or later than shift for overlap

12-hour shifts

- Not scalable or flexible (multiple)
- Rotating days off (per work cycle)
- Does not address early latency (can if more than two shifts)
- Is not responsive to rising work load over time (multiple shifts)
- Significant organizational change
- Good if steady work load or small work force

Options

- Options to consider
 - Officers average 42 hours per week (36 and 48 hours per two week cycle)
 - Can pay straight time (per FLSA)
 - Can pay in compensatory time
 - Can adjust schedules to begin and end the two-week cycle with 10 hour work days. (or work one 8-hour day)
 - Create “early cars” to create shift overlap
 - Create one or two additional shifts

Pitman Schedule

- The **Pitman Schedule** is the most commonly used 12-hour schedule in law enforcement today, and it is becoming more frequently used in the private sector as well.
- It utilizes two 12-hour shifts and is designed for organizations that require around-the-clock labor. Many employers have the shifts run from 7:00 a.m. to 7:00 p.m. and from 7:00 p.m. back to 7:00 a.m., but it can be run from any hour of the day.
- An employee will generally work two-on, two-off; three-on, two-off; two-on, three-off.
- The schedule works over a 14-day cycle and offers every other Friday, Saturday and Sunday off.
- In order to use the Pitman Schedule, the organization must be able to have four separate shifts or squads.

Pitman Schedule

➤ Pitman Shift Schedule

- The Pitman fixed shift schedule uses 4 teams (crews or squads) and 2 twelve-hour shifts to provide 24/7 coverage.
- It consists of a 2-week cycle where each team works 2 consecutive shifts, followed by 2 days off duty, works 3 consecutive shifts, followed by 2 days off duty, works 2 consecutive shifts, followed by 3 days off duty.
- Two teams are assigned day shifts while the other two are assigned night shifts. On any given day, one team is on the day shift, one team is on the night shift, and two teams are off duty.
- Personnel are assigned to either day or night shifts for the 2-week cycle and work an average 42 hours per week.
- Pitman shift schedule example:
 - Day 1: DDOODDD-OODDOOO
 - Night 1: NNOONNN-OOONOOO
 - Day 2: OODDOOO-NNOONNN
 - Night 2: OONNOOO-DDOODDD
- Where D=Day shift, N=Night shift, and O=Off duty

- **Name: Pitman Shift Schedule**
- **Applicability: 24/7 operations**
- **Teams Required: 4**
- **Shifts: 12-hr**
- **Repeat Cycle: 14 days**
- **Rotation: Fixed plan, no rotation**
- **Average Hours per Week: 42**
- **Staffing Fluctuation: Balanced from shift to shift and day to day**
- **Pluses:**
 - No employee works more than three consecutive days
 - 3-day weekend every other weekend
 - Taking 2 vacation days on one of the 2-day work week gives 7 days off
- **Minuses:**
 - Long shift length (12 hours) in addition to over shift time and court
 - Requires an average of 2 overtime hours per employee per week

2010-2011 Projections

- 12 Sergeants each phase (24 total)
- 88 Officers Phase One
- 88 Officers Phase Two
 - Squad number can vary
 - Start-End times can change
 - Start-End times used for this presentation mirror the predicted work load
 - For the purpose of this demonstration, one phase (1/2 of available staff) is shown
 - Example, Phase One, 88 officers, 12 sergeants

12-hour shift plan

- ◆ Based on four teams or squads
- ◆ no overlapping hours no overlapping days
- ◆ Half of Patrol staff is on duty (two squads on, two off)

Pitman Model

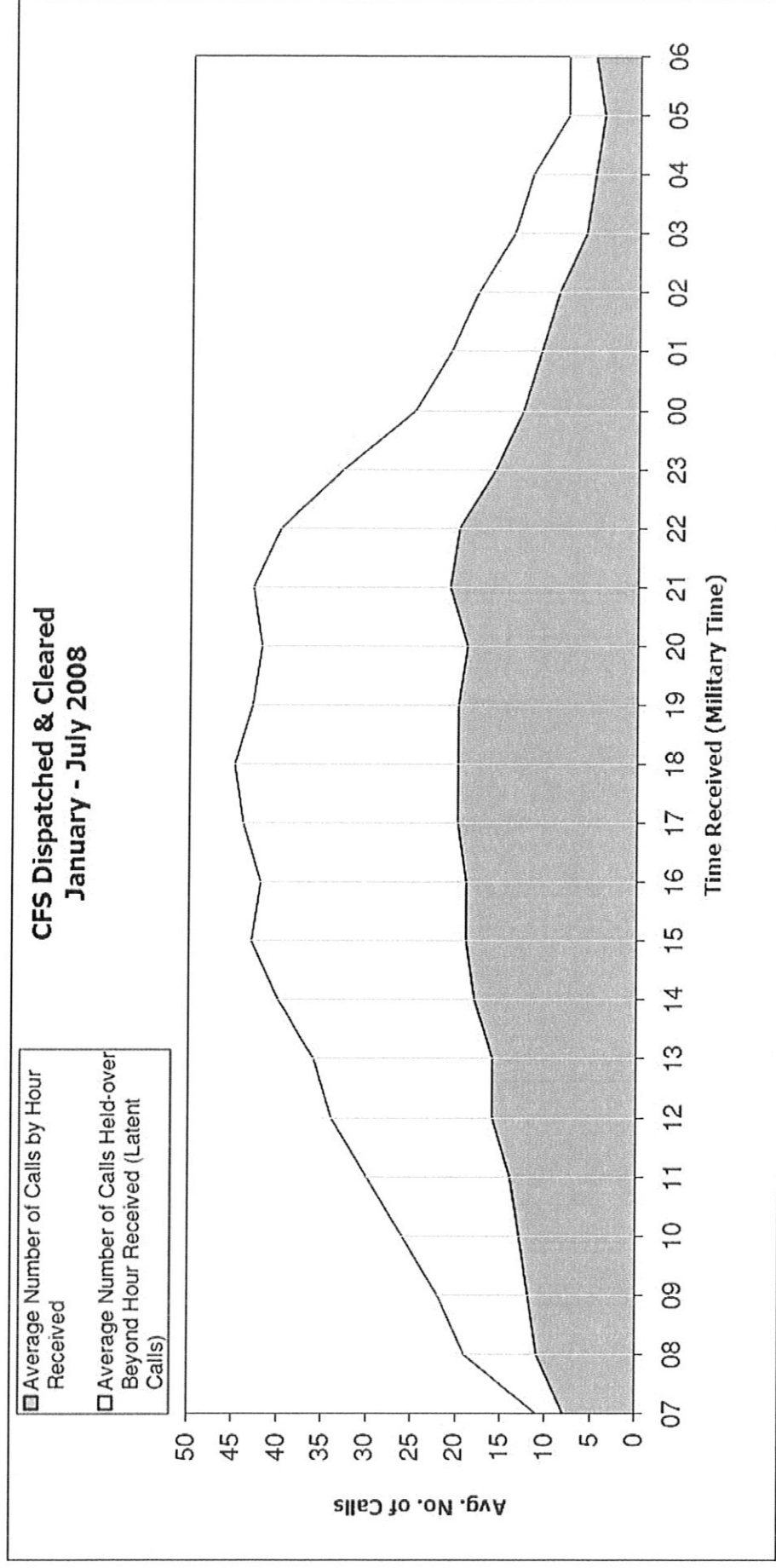
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Pitman Schedule 12-hour shifts, fixed days off, four week cycle

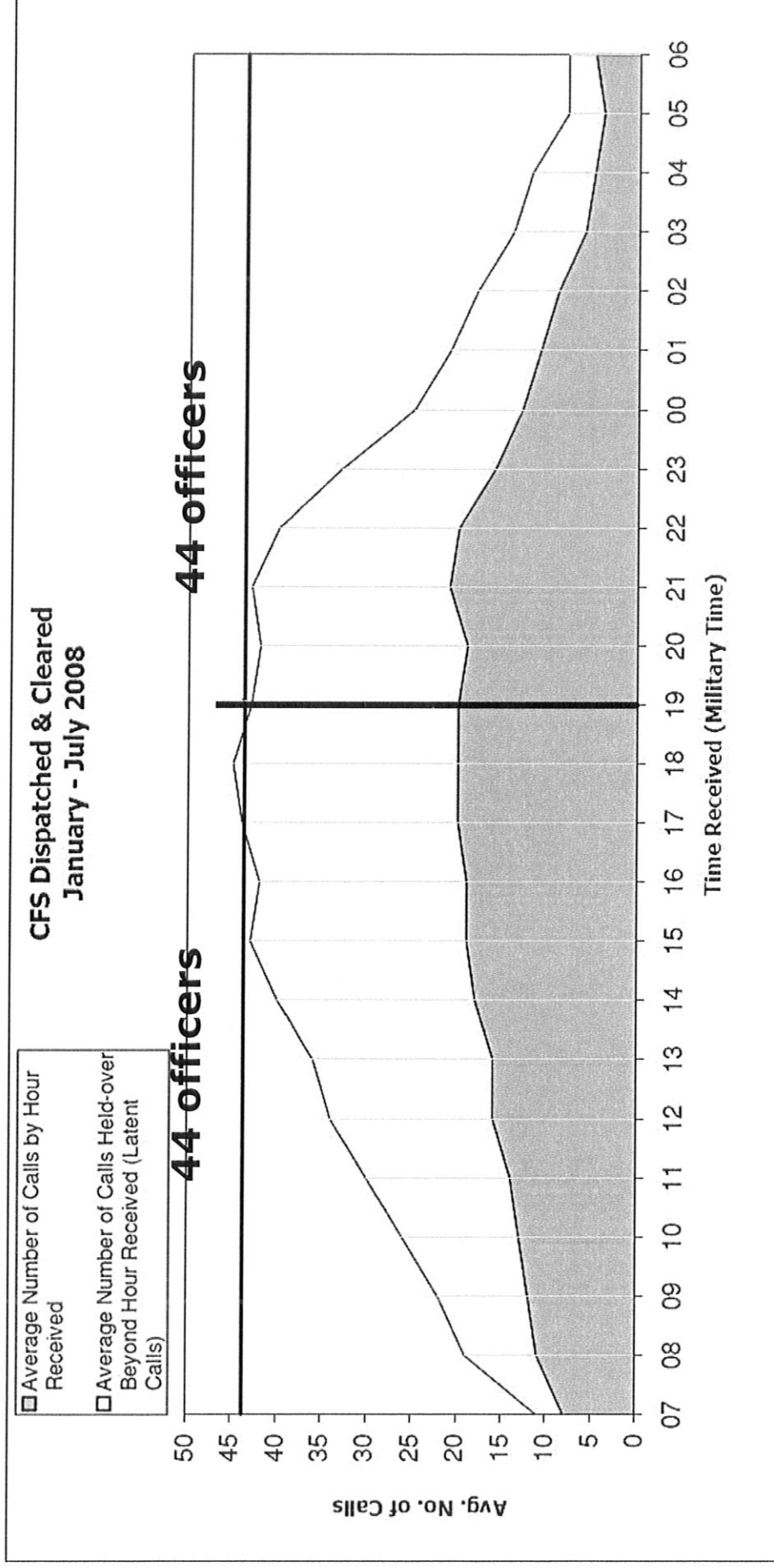
| Team | Days 1-14 | | | | | | | | | | | | | | Hours | Shifts | |
|-------------|-----------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|-----------------|
| Team 1 | Day | Day | Day | Day | Day | Day | Day | Day | Day | Day | Day | Day | Day | Day | 84.00 | Day | 7:00 AM-7:00 PM |
| Team 2 | Night | Night | Night | Night | Night | Night | Night | Night | Night | Night | Night | Night | Night | Night | 84.00 | Night | 7:00 PM-7:00 AM |
| Team 3 | Day | Day | Day | Day | Day | Day | Day | Day | Day | Day | Day | Day | Day | Day | 84.00 | Day | 7:00 AM-7:00 PM |
| Team 4 | Night | Night | Night | Night | Night | Night | Night | Night | Night | Night | Night | Night | Night | Night | 84.00 | Night | 7:00 PM-7:00 AM |
| Total Hours | | | | | | | | | | | | | | | 336.00 | 336.00 | 336.00 |

- ◆ Two shift configuration, no overlap
- ◆ Could move officers to early or late shift to create overlap
- ◆ Could move officers to create one or two new shifts (three or four-shift configuration)

Basic Work load template



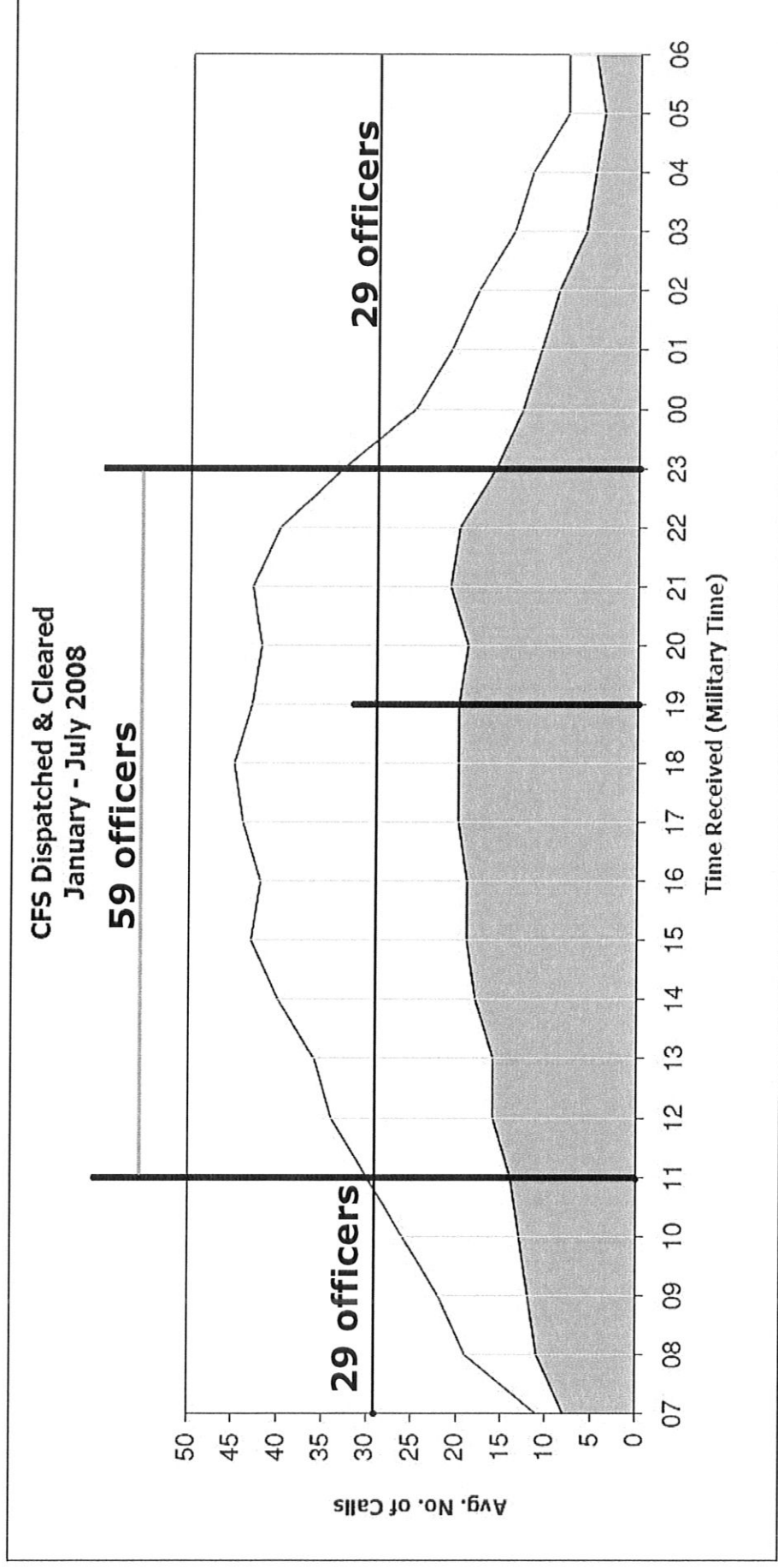
12-Plan Two Shifts



Legend

- ◇ Day 1 (Squad 1)-44 Officers, 6 Sgts
- ◇◇ Night 1 (Squad 3)-44 Officers, 6 Sgts

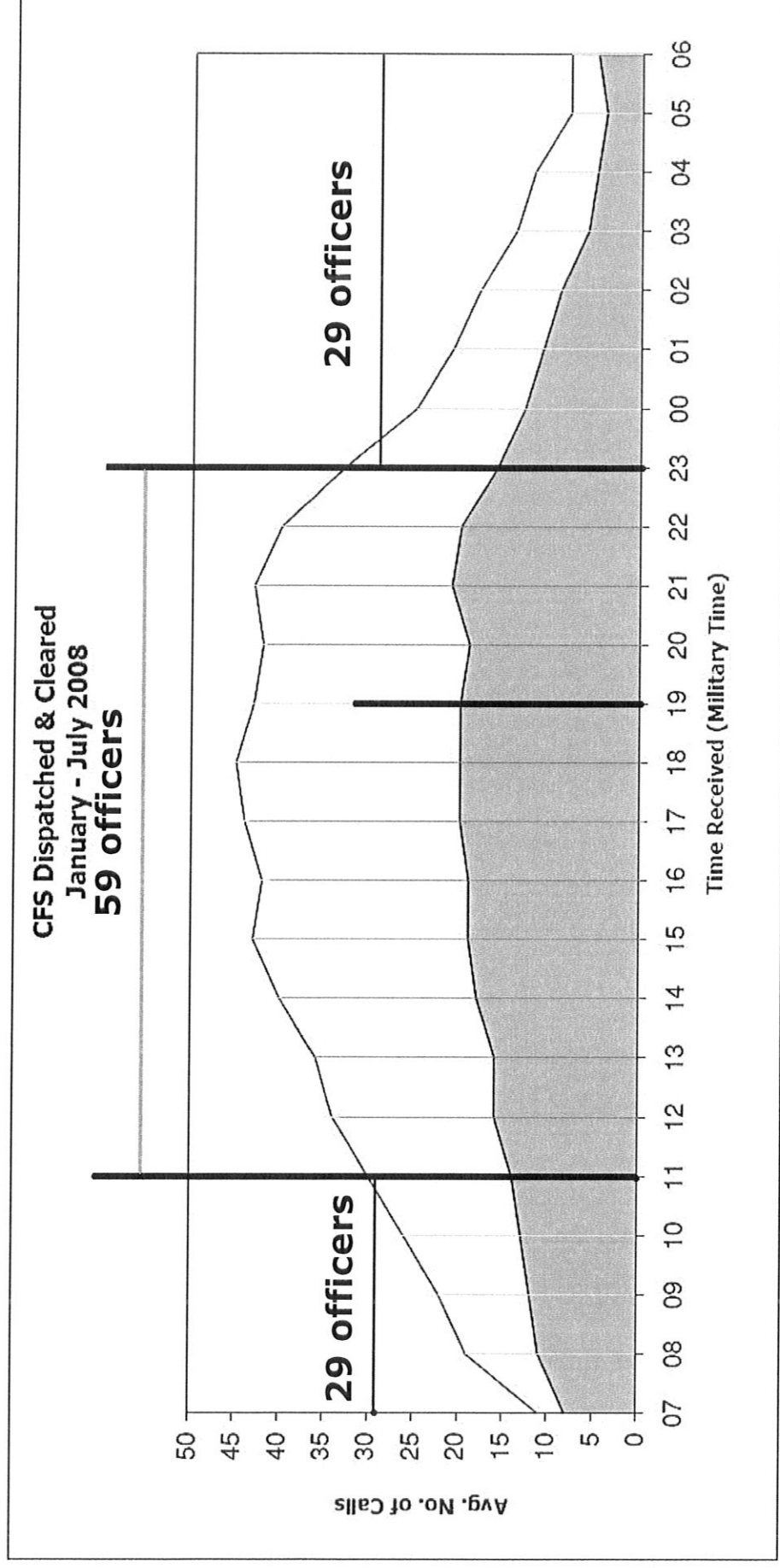
12-Plan Three Shifts



Legend

- ◇ Day 1 (Squad 1)-29 Officers, 4 Sgts
- ◇◇ Swing 1 (Squad 2)-30 Officers, 4 Sgts
- ◇◇◇ Night 1 (Squad 3)-29 Officers, 4 Sgts

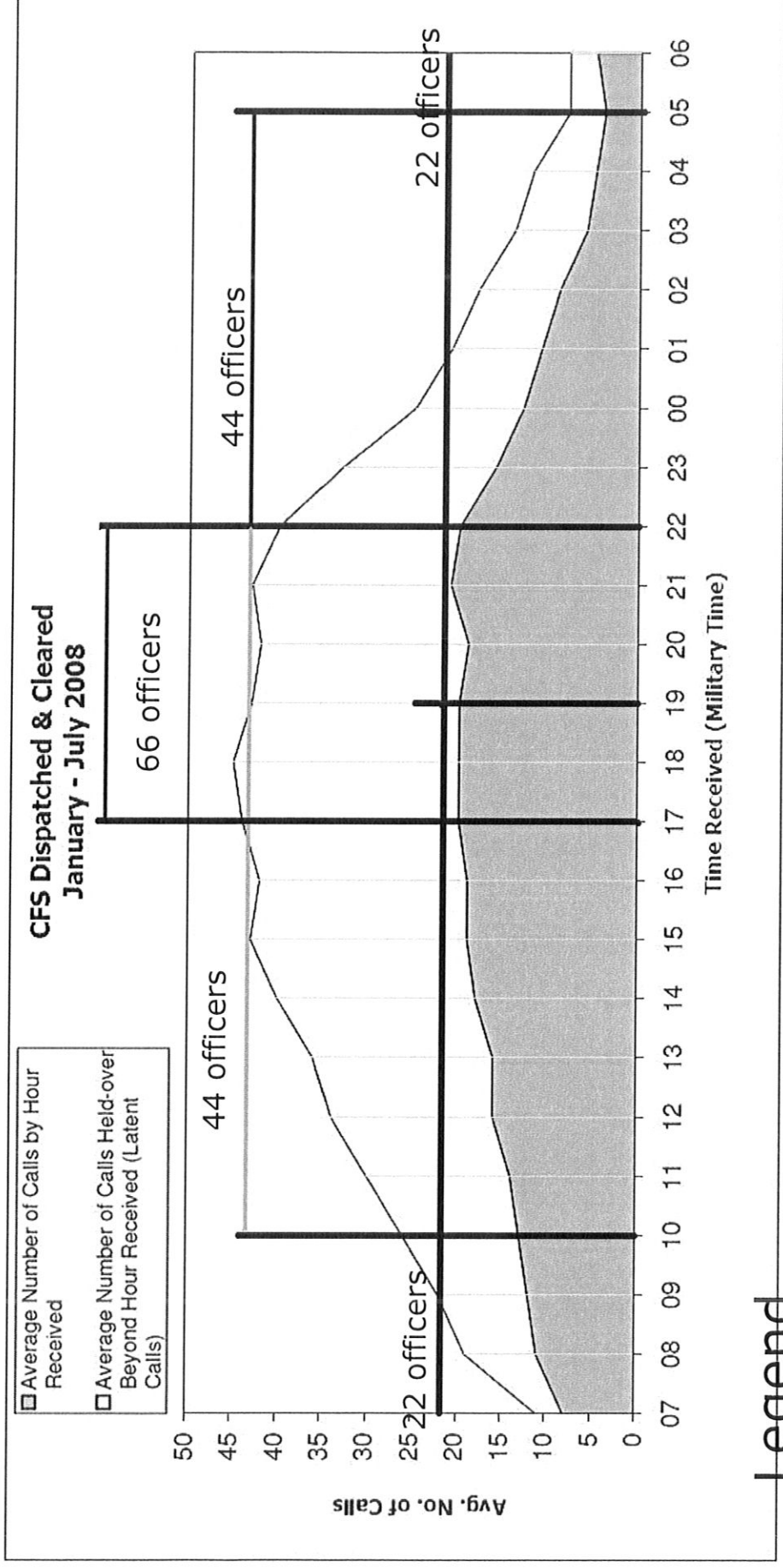
12-Plan Three Shifts



Legend

- ◇ Day 1 (Squad 1)-29 Officers, 4 Sgts
- ◇◇ Swing 1 (Squad 2)-30 Officers, 4 Sgts
- ◇◇◇ Night 1 (Squad 3)-29 Officers, 4 Sgts

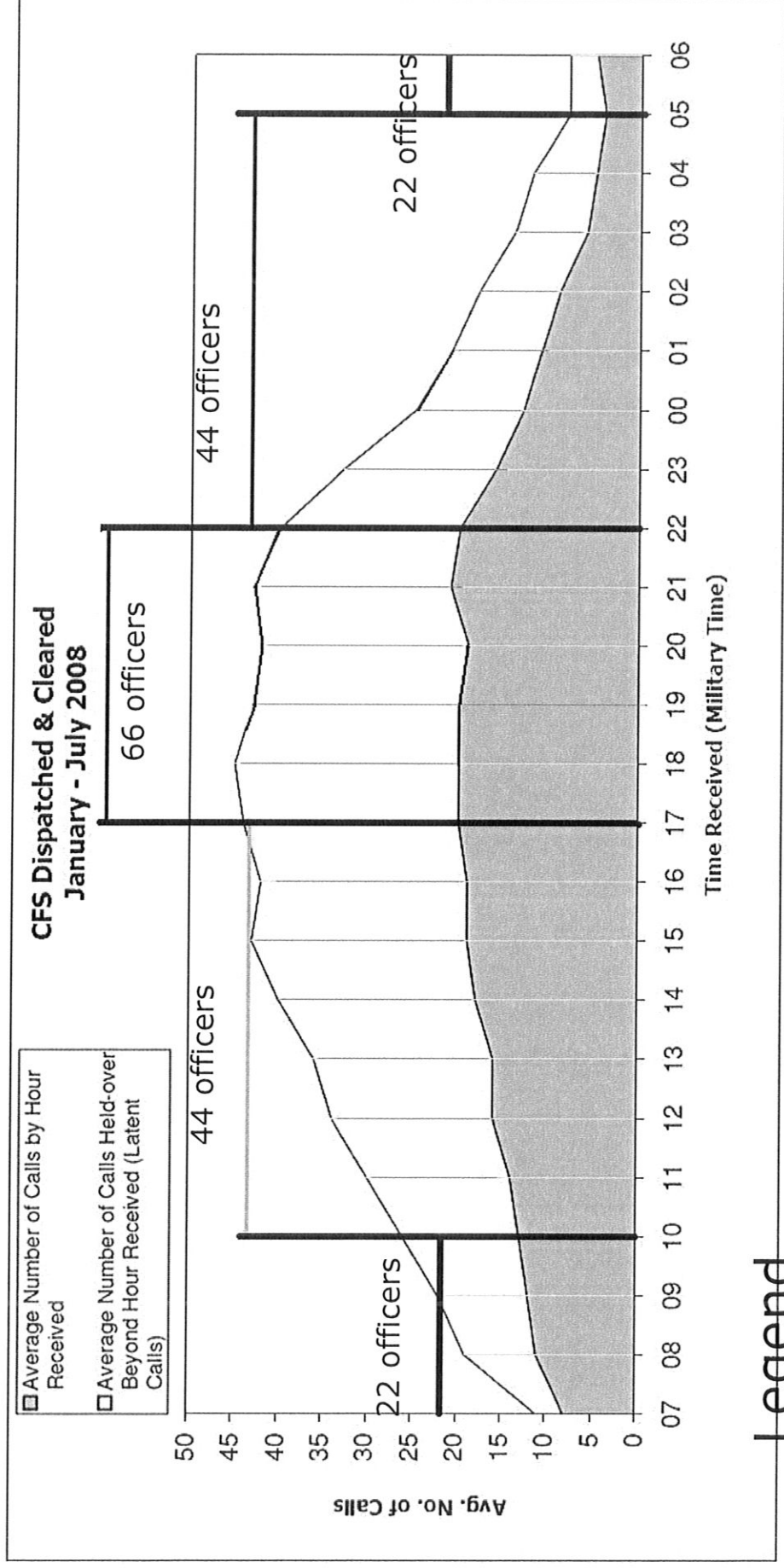
12-Plan Four Shifts



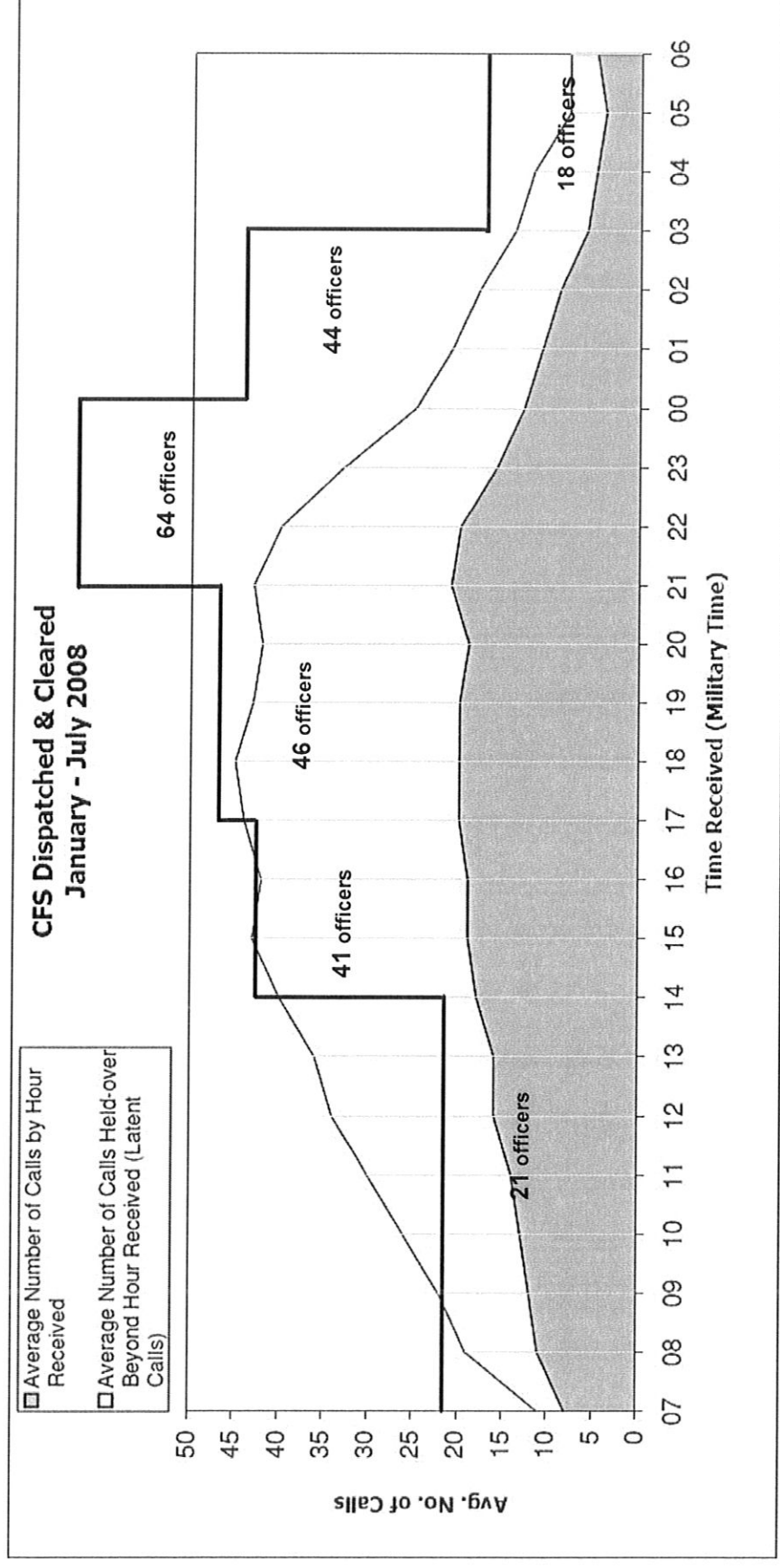
Legend

- ◇ Day 1 (Squad 1)-22 Officers, 3 Sgts
- ◇◇ Swing 1 (Squad 2)-22 Officers, 3 Sgts
- ◇◇◇ Night 1 (Squad 3)-22 Officers, 3 Sgts
- ◇◇◇◇ Late Swing (Squad 4)-22 Officers, 3 Sgts

12-Plan Four Shifts



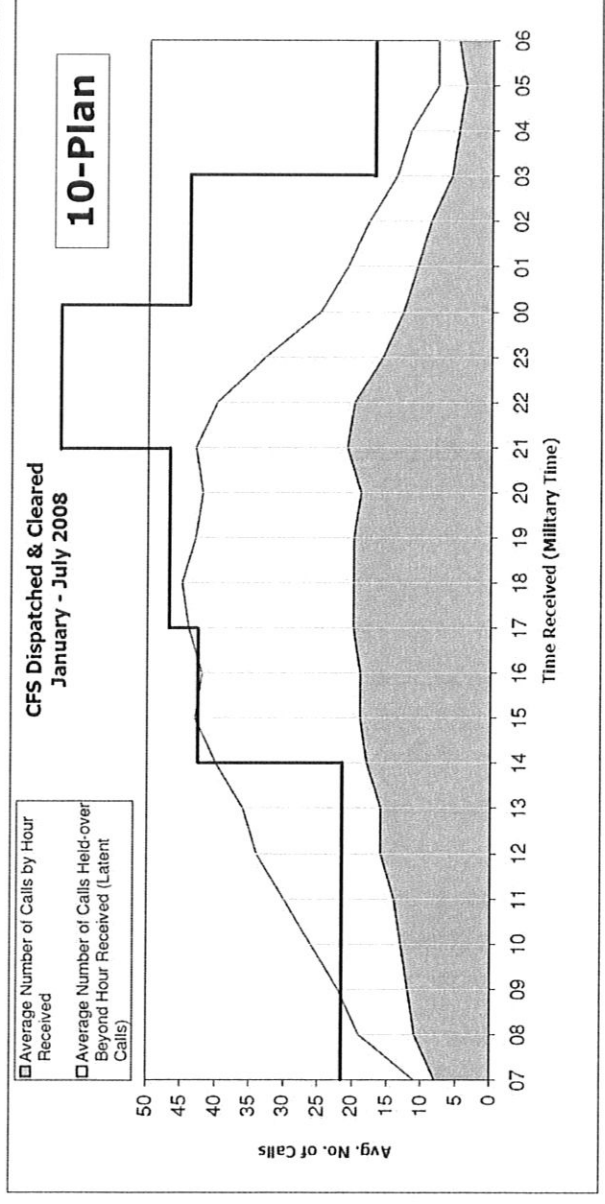
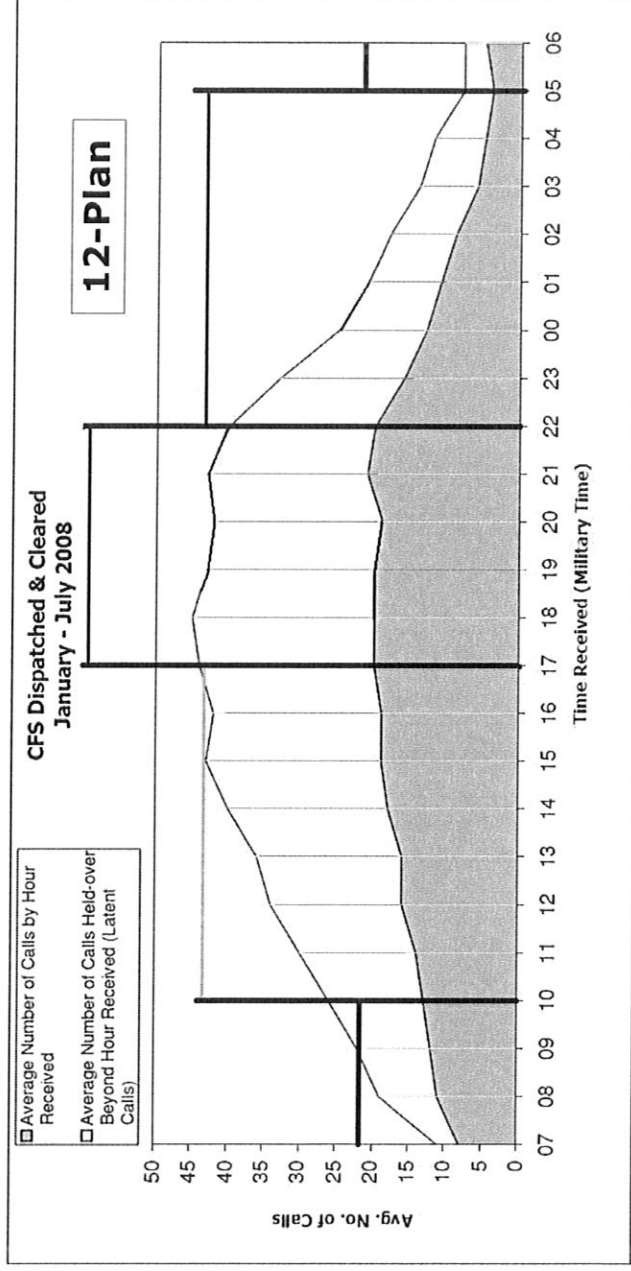
Current 10-Plan



Solid black line depicts the number of officers working over a 24-hr period

64 officers working from 2100-2400 hrs (based on 85 Officers, 15 Sgts)

Proposed 12-Plan (four shifts) and Current 10-Plan



2010 6-month Calendar

| July | | | | | | |
|------|----|----|----|----|----|----|
| Su | M | Tu | W | Th | F | Sa |
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | 31 |

| August | | | | | | |
|--------|----|----|----|----|----|----|
| Su | M | Tu | W | Th | F | Sa |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |

| September | | | | | | |
|-----------|----|----|----|----|----|----|
| Su | M | Tu | W | Th | F | Sa |
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | | |

| October | | | | | | |
|---------|----|----|----|----|----|----|
| Su | M | Tu | W | Th | F | Sa |
| | | | | | 1 | 2 |
| 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | | | | | | |

| November | | | | | | |
|----------|----|----|----|----|----|----|
| Su | M | Tu | W | Th | F | Sa |
| | 1 | 2 | 3 | 4 | 5 | 6 |
| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | 29 | 30 | | | | |

| December | | | | | | |
|----------|----|----|----|----|----|----|
| Su | M | Tu | W | Th | F | Sa |
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | 31 | |

Day 1, Night 1 days off / Day 2, Night 2 days off

8-9-10-12 hour work week comparison

| Hrs/day | Hrs worked year/officer | Hrs worked week/officer | Days worked Year/officer | Days off year/officer |
|---------|----------------------------|----------------------------|-----------------------------|--------------------------|
| 8 | 2080 | 40/40 | 261 | 104 |
| 9 | 2080 | 44/36 | 235 | 130 |
| 10 | 2080 | 40/40 | 209 | 156 |
| 12 | 2184 | 36/48 | 183 | 182 |

Example:

If 10 officers work a 12-hour day

- That equals 120 hours worked
- Or 20 hours more than a 10-hour day (100 hours)
- Which equals 2 officers @ 10 hours each
- Or 20% more officers on the street

Next Steps

- Survey departments
 - Payroll
 - Training
 - MOU
 - Work status
- Determine which 12-plan best suits our department

Resolution No. _____

STOCKTON CITY COUNCIL

=====

RESOLUTION BY THE CITY COUNCIL OF THE CITY OF STOCKTON ADOPTING EMERGENCY MEASURES AFFECTING THE TERMS AND CONDITIONS OF SWORN EMPLOYEES IN THE POLICE DEPARTMENT

By City Council Resolution No. 10-0166, adopted on May 26, 2010, the City declared a state of emergency based on fiscal circumstances; and

The City repeatedly invited representatives of the Stockton Police Officers Association ("SPOA") to negotiate regarding concessions in light of the emergency; and

The SPOA would not negotiate with the City unless the City agreed to waive its right to invoke temporary emergency measures to resolve the emergency; and

The City was otherwise unable to reach agreement with the SPOA on economic concessions that would achieve a balanced budget; and

The City must impose certain terms and conditions in light of the fiscal emergency, pending negotiations with the SPOA, in order to achieve a balanced budget and avert drastic measures that would endanger the health, safety and well-being of the City's citizens; now, therefore,

BASED ON THE CITY'S STATE OF EMERGENCY, THE CITY COUNCIL OF THE CITY OF STOCKTON HEREBY AUTHORIZES THE FOLLOWING TEMPORARY MEASURES:

1. All provisions in the Memorandum of Understanding dated July 1, 2005 – June 30, 2010, between the City of Stockton and the Stockton Police Officers Association, including without limitation all amendments thereto, letters of understanding and side letters, that would require the City to grant wage or compensation increases of any kind in the fiscal year 2010-2011 (including without limitation uniform allowances) are hereby suspended, pending further negotiation with SPOA and resolution of the City's state of emergency based on fiscal circumstances.

2. Notwithstanding any provision in any memorandum of understanding, letter of understanding, side letter or other labor agreement, the City Manager is hereby authorized to impose temporary alterations to police schedules, including the use of 12 hour shifts, in order to achieve economic and service efficiencies in light of the emergency and resulting reductions in police staff.

CITY CLERK
REVIEW

JUN 29 2010

DATE

3. The City Manager is hereby authorized to impose the health care plan design changes. This includes increasing pharmacy co-pays from \$3.00 for generic and \$8.00 for brand names for a 30-day supply, to \$3.00 and \$25.00 respectively. For prescriptions that are filled through the mail, a 90-day supply will be provided for the same \$3.00 and \$25.00 co-pay. Also, plan changes include increasing deductibles from \$150 to \$200 for individuals, and \$450 to \$500 for a family.

4. The City shall continue to invite the SPOA to negotiate concerning these measures in an effort to reach agreement in good faith.

5. This resolution will be periodically revisited – at least once per quarter (or earlier if circumstances suggest a change in conditions) to determine whether all or part of the resolution can be modified or terminated.

6. If any measure imposed by this resolution is found to be unenforceable, then the remaining provisions shall remain valid and enforceable unless and until the City Council determines to amend the resolution to conform to such a finding.

7. The City Manager is hereby authorized to take the steps that are appropriate to carry out the purpose and intent of this resolution.

PASSED, APPROVED and ADOPTED _____.

ANN JOHNSTON, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

PUBLIC HEARINGS

- 9.01) CC/ RD Hearing to consider public comments/testimony regarding the proposed 2010-11 BUDGET, 2010-15 CAPITAL IMPROVEMENT PROGRAM, and FEE ADJUSTMENTS.

City Council Action

At the conclusion of the public hearing, adopt two resolutions: approving the Proposed 2010-2011 Annual Budget, 2010-2015 Capital Improvement Program, and approving fee adjustments in the City Fee Schedule; making of benefit findings pursuant to California Redevelopment Law in connection with adoption of the Redevelopment Agency's 2010-2011 Budget.

Redevelopment Agency Action

At the conclusion of the public hearing, adopt a resolution; approving the 2010-2011 Redevelopment Agency Budget, as included in the City of Stockton Proposed 2010-2011 Annual Budget.

(CM)

CITY COUNCIL/REDEVELOPMENT AGENCY

AGENDA ITEM 9.01

June 22, 2010

TO: Mayor and City Council
Chairperson and Members of the Redevelopment Agency

FROM: Kevin O'Rourke, Interim City Manager/Executive Director
Stockton Redevelopment Agency

SUBJECT: **PUBLIC HEARING: PROPOSED 2010-2011 ANNUAL BUDGET, 2010-2015 CAPITAL IMPROVEMENT PROGRAM, AND FEE ADJUSTMENTS**

RECOMMENDATION

City Council Action

At the conclusion of the public hearing, adopt two resolutions: approving the Proposed 2010-2011 Annual Budget, 2010-2015 Capital Improvement Program, and approving fee adjustments in the City Fee Schedule; making of benefit findings pursuant to California Redevelopment Law in connection with adoption of the Redevelopment Agency's 2010-2011 Budget.

Redevelopment Agency Action

At the conclusion of the public hearing, adopt a resolution; approving the 2010-2011 Redevelopment Agency Budget, as included in the City of Stockton Proposed 2010-2011 Annual Budget.

Summary

On Tuesday evening a public hearing will be held to receive public comments on the Proposed 2010-2011 Annual Budget, 2010-2015 Capital Improvement Program, and fee adjustments. The Annual Budget proposal contains two budget alternatives, which are Plan A and Plan B. The explanation of, and the reasons for this approach are explained in the Present Situation section of this staff report.

On June 12, 2010 the Proposed 2009-2010 Annual Budget was transmitted to the City Council as required by the City Charter. City Council scheduled and conducted twelve Council Budget Study Sessions to review projections and alternative plans, to allow for public discussion and to provide direction in the preparation of the annual budget. These study sessions occurred on January 27; February 17, and 24; March 2, 10, 31; April 13, and 28; May 12, 19, and 26; and June 9, 2010; and included review and discussions of the Proposed 2010-2011 Annual Budget, Capital Improvement Program 2010-2015, and Fee Adjustments.

DISCUSSION

Present Situation

The Proposed 2010-2011 Annual Budget has been available for public review and comment in paper form and on the City's web page prior to final action by the City Council. This budget proposes the basis for implementing the Council's stated objectives for the

June 22, 2010

PUBLIC HEARING: PROPOSED 2010-2011 ANNUAL BUDGET, 2010-2015 CAPITAL IMPROVEMENT PROGRAM AND FEE ADJUSTMENTS

(Page 2)

2010-2011 fiscal year. With this emphasis, the total budget for all operating and capital funds is \$357,358,313. The 2010-11 General Fund total expenditure budget is \$165,649,000, and is balanced with the total General Fund revenue budget estimates of the same amount.

The Proposed 2010-2011 Annual Budget under Plan A includes the elimination of 64 full-time positions, including 26 sworn police officers. Under Plan B the Proposed 2010-11 Annual Budget would include the elimination of 127 full-time positions, including 66 sworn police officers, in order to provide the necessary savings to balance General Fund the budget.

Plan A assumes concessions are reached with the Stockton Police Officers' Association (SPOA) and Fire's Local 456, or imposition of needed concessions by the City Manager. This imposition would be due to the fiscal emergency.

The total 2010-2011 Redevelopment Agency Budget is \$24,738,191 and is funded through tax increment revenue, as well as redevelopment bond proceeds, Federal Section 108 loans, and state loans and grants. The Redevelopment Agency is anticipating an 18% decrease in tax increment revenues based on continuing declines in property values.

The Proposed 2010-2011 Fee Schedule includes, in general, a 2.5% inflationary increase to most fees. Other fees are changed based on updated calculations on the cost to provide specific services. The updated calculations caused some fees to go up and others to go down. Development fees remain unchanged from the 2009-10 level pending the completion of a fee nexus study currently being conducted. Any adjustment in these fees will be brought to the City Council for review and separate approval at a later date.

The 2010-2015 Capital Improvement Program provides a five-year plan for the public projects necessary for the orderly implementation of the General Plan. The total Capital Improvement Program (CIP) Budget is \$112,324,000 million for the 2010-11 fiscal year, and comprises projects such as improvements to libraries, water facilities, streets, and public safety facilities, as well as general building repairs such as ADA compliance.

In order to address the deficit fund balance in the Development Services Fund (048) staff recommends that a loan and repayment plan be recognized between the General Fund and the Development Services Fund. Repayment of this loan will reimburse the Development Services Fund for discounted development fees totaling \$4,849,481 that were paid on Enterprise Zone development between Fiscal Year 2002-03 and Fiscal Year 2007-08. Prior to fiscal year 2008-09 it was a City of Stockton policy to offer an incentive for development within the Enterprise Zone by discounting development fees by 50%. Development fees were set to recover 100% of the cost of providing development services so the 50% of costs that was un-recovered by the discount needed to be covered by a General Fund subsidy. That subsidy was not provided to the Development Services fund

PUBLIC HEARING: PROPOSED 2010-2011 ANNUAL BUDGET, 2010-2015 CAPITAL IMPROVEMENT PROGRAM AND FEE ADJUSTMENTS

(Page 3)

after it was created in fiscal year 2002-03. Prior to fiscal year 2002-03 development service activities and fees were part of the General Fund, so the un-recovered cost from discounting fees was absorbed by the General Fund at that time. No operating deficits are projected for the Development Services Fund for fiscal year 2010-11 and beyond.

The budget resolution for fiscal year 2010-11, also includes recommended 2009-10 fiscal year end actions that affect fiscal year 2010-11 beginning balances including:

1. Additional General Fund appropriations for Fire Department costs in excess of budget due to; costs incurred for wild-land firefighting services requested by the State; for overtime costs for staffing requirements of labor agreements that were not sufficiently budgeted in fiscal year 2009-10; and for costs formerly covered by Measure W that can no longer be covered in the Measure W Fund due to declining sale tax revenue. Also, an additional \$1,200,000 in unbudgeted legal expense was incurred during fiscal year 2009-10. These costs are offset by additional revenues above budgeted amounts and savings from other General Fund departments. This action is necessary to allow the City to recover an addition \$600,000 in fees for services from fire districts for actual costs incurred to provide fire protection in those areas outside the City. Resources available to appropriate an additional \$6,000,000 to the Fire Department General Fund accounts are detailed as follows;

| | |
|--|-------------|
| • Additional Property Tax Revenue | \$1,800,000 |
| • Additional Fire Suppression Contract Revenue | \$600,000 |
| • Savings from other General Fund departments | \$2,000,000 |
| • Unreserved Fund Balance, General Fund | \$1,600,000 |
2. A transfer is recommended to be made from the Recreation Fund (044), Fund Balance to the Golf Enterprise Fund (481) in the amount of \$375,000. This transfer is necessary to cover the accumulated operating deficits that have occurred in fiscal years 2008-09 and 2009-10. The Golf Enterprise cannot recover this deficit from future golf play. Changes in golf course operations, marketing, pricing, and facility improvements are expected to eliminate an earlier projected deficit of \$185,000 for fiscal year 2010-11. Therefore, no operating subsidy is included in the Proposed 2010-11 budget for the Golf Enterprise Fund.
3. An inter-fund loan from the Capital Improvement Fund (301) to the Fire Public Facility Fee Fund (940) with an outstanding principal balance of \$1,054,177 is recommended to be repaid on June 30, 2010. This loan was originally made in 2001 to fund the construction of Fire Station #5 in Weston Ranch. It can now be repaid with proceeds from the 2009 CIP bond issue that is being repaid from Fire Public Facility Fee revenue. This loan repayment is necessary to provide funding for the City's 2010-11 general capital projects and make the first repayment on the loan from the Municipal Utilities Funds that resulted from the recent settlement

June 22, 2010

PUBLIC HEARING: PROPOSED 2010-2011 ANNUAL BUDGET, 2010-2015 CAPITAL IMPROVEMENT PROGRAM AND FEE ADJUSTMENTS

(Page 4)

agreement with the Howard Jarvis Taxpayer's Association.

4. A fiscal year 2009-10 transfer of \$1,300,000 is recommended to be made from the Computer Equipment Internal Service Fund (502) to the Downtown Entertainment Venues Fund (086) on June 30, 2010. This is a one-time transfer to be put into an escrow account to provide funding for the one-time costs necessary to buy-out IFG under the terms of their contract with the City to manage the Stockton Arena, and other City of Stockton entertainment venues. This buy-out is needed to transition to a lower cost manager for these venues. The Computer Equipment Internal Service Fund has an available unrestricted balance due to the fiscal year 2007-08 \$1,200,000 funding augmentation from the General Fund that is no longer needed. That augmentation was to be used to acquire an automated document management system. A new solution for acquiring the document management system has been found that will substantially reduce the acquisition cost to fit within the proposed 2010-11 operating budget for this fund and fund balance as it existed prior to the General Fund augmentation.

Public Notification

Notice of the Public Hearing was published in The Record on June 11th, and June 17th, 2010.

FINANCIAL SUMMARY

The funding allocations, transfers, and loan repayments represented in the City of Stockton Proposed 2010-2011 Annual Budget and the accompanying resolutions will be appropriated effective July 1, 2010.



KEVIN O'ROURKE
INTERIM CITY MANAGER/EXECUTIVE DIRECTOR

KO:jm

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STOCKTON CITY COUNCIL

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON APPROVING THE PROPOSED 2010-2011 ANNUAL BUDGET; 2010-2015 CAPITAL IMPROVEMENT PROGRAM; AUTHORIZING FEE ADJUSTMENTS AS RECOMMENDED BY THE CITY MANAGER; AND AUTHORIZING VARIOUS FUND TRANSFERS AND ADMINISTRATIVE ACTIONS

On June 9, 2010, the City Council was presented with a Fiscal Year 2010-11 Budget Plan ; and

The City Council scheduled and conducted twelve Council Budget Study Sessions to review projections and alternative plans, to allow for public discussion and to provide direction in the preparation of the annual budget. These study sessions occurred on January 27; February 17, 24; March 2, 10, 31; April 13, 28; May 12, 19, 26; and June 9, 2010; including the Proposed 2010-2011 Annual Budget, Capital Improvement Program 2010-2015, and Fee Adjustments; and

The City Council conducted a duly noticed scheduled public hearing on the Proposed 2010-2011 Annual Budget, 2010-2015 Capital Improvement Program, and Fee Adjustments on June 22, 2010; now, therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. That the 2010-2011 Annual Budget as proposed by the City Manager be adopted. The Budget as approved contains two options pertaining to the "Operating Expenditures and Budgets by Fund" and the "Positions Listing," labeled "Plan A" and "Plan B" respectively. The City Council hereby adopts both Plan A and Plan B. However, the City Council directs the City Manager to implement Plan A, except that should the City be enjoined or otherwise legally prevented by order of any Court of competent jurisdiction from implementing any part of Plan A, the City Manager may at his discretion and without further authorization from the City Council implement all or part of Plan B to the extent necessary to ensure a balanced budget.
2. That the 2010-2015 Capital Improvement Program as proposed by the City Manager be adopted in conjunction with the Fiscal Year 2010-11 capital appropriations as listed in the 2010-2011 Annual Budget.
3. That the Fee Schedule be amended effective July 1, 2010. Any fee changes that are not effective July 1, 2010, are noted in the 2010-2011 Fee Schedule. Exceptions to the July 1 date include specific Recreation fees, pass through fees, as well as certain development and impact fees.

4. That the fees on development projects will take effect 60 days following the final action on the increases in the 2010-2011 Fee Schedule, where Government Code section 66017(a) applies.
5. That an appropriation limit be established in the amount of \$237,064,000 for Fiscal Year 2010-11, calculated in accordance with and pursuant to the requirements and criteria of the California Government Code. The City of Stockton selected the "change in California per capita personal income" for the "change in cost of living" component of the calculation of the appropriation limit, pursuant to the California Government Code.
6. That the threshold for which contracts must be approved by the City Council is hereby increased by \$210 to \$30,224 effective July 1, 2010, for Fiscal Year 2010-11, in accordance with the annual inflation adjustment authorized by Ordinance No. 007-94 C.S., which amended Section 3.68.040 of the Stockton Municipal Code.
7. That an additional 2009-10 appropriation not to exceed \$6,000,000, be made to the Fire Department General Fund budget from the General Fund, Fund Balance, for expenses in excess of the fiscal year 2009-10 budget as amended. This action is necessary to ensure proper reimbursement of incurred cost under agreements with fire districts for services provided to those districts in fiscal year 2009-10.
8. The City Manager is authorized to establish revenue estimates and corresponding budget appropriations in General Fund Fire Department accounts 010-2600, or other appropriate funds and accounts, as needed during Fiscal Year 2010-11 to recognize the costs, and the subsequent reimbursement of those costs, for providing wild-land firefighting and other disaster response services requested by State or Federal governments.
9. That a loan repayment plan be recognized and approved between the General Fund and the Development Services Fund to reimburse the Development Services Fund for the discounted development fees paid on Enterprise Zone development between Fiscal Year 2002-03 and Fiscal Year 2007-08, in the amount of \$4,849,481 with the following terms:
 - \$4,849,481 loan principal amount
 - Six year term, beginning July 1, 2011
 - Repayments to be made annually beginning June 30, 2012
 - The first annual payment to be interest only
 - An annual interest rate equal to the rate earned on the City's pooled investments shall be applied to the outstanding balance
10. That an inter-fund loan in the amount of \$1,054,177 that was made from the Capital Improvement Fund (301) to the Fire Public Facility Fee Fund (940), that was used to fund the building of Fire Station #5, be repaid as of June 30, 2010.

11. That a 2009-10 fiscal year transfer be made from the Recreation Fund (044) to the Golf Fund (481) in an amount not to exceed \$375,000, to cover the accumulated operating deficit in the Golf Fund as of June 30, 2010. This amount represents net accumulated operating deficits through June 30, 2010. Changes in Golf Course operations, marketing, pricing, and facility improvements are expected to eliminate an earlier projected deficit of \$185,000 for fiscal year 2010-2011. Therefore no operating subsidy is included in the Proposed 2010-11 budget for the Golf Fund.

12. That a fiscal year 2009-10 transfer of \$1,300,000 be made from the Computer Equipment Internal Service Fund (502) to the Downtown Entertainment Venues Fund (086) on June 30, 2010. This one-time funding is to be put into an escrow account to be used for the one-time cost of negotiating a contract buy-out of the IFG management company to transition to a lower cost manager for the Stockton Arena and other City of Stockton entertainment venues

13. That the following administrative actions required to implement the 2010-2011 Annual Budget be authorized:

- a) The City Manager is authorized to abolish positions, and/or reduce and reorganize, personnel, programs, services, departments, offices, or agencies, and take such other action as is necessary to maintain a balanced budget.
- b) The City Manager is directed to reduce the salary scale of the Assistant to the City Manager to the same salary scale as the Budget Officer. Both the Assistant to the City Manager and the Budget Officer are to remain in the Management A unit of the Unrepresented employee group.

Reduce the Salary Steps in the Salary Schedule effective 1-1-10,

From:

| | | | | | | |
|-------------------------------|-------|-------|-------|--------|--------|--------|
| Assistant to the City Manager | 8,750 | 9,198 | 9,670 | 10,164 | 10,680 | 11,230 |
|-------------------------------|-------|-------|-------|--------|--------|--------|

To:

| | | | | | | |
|-------------------------------|-------|-------|-------|-------|-------|-------|
| Assistant to the City Manager | 7,661 | 8,053 | 8,466 | 8,900 | 9,356 | 9,835 |
|-------------------------------|-------|-------|-------|-------|-------|-------|

- c) For the purpose of implementing department restructuring, the City Manager is authorized to make adjustments in classifications, including salary adjustments, to ensure comparability with similar classifications to maintain equity in the City's salary schedules as recommended by the Human Resources Department classification studies and reviews to incorporate changes into the Salary Schedule, as appropriate.
- d) That the City Council authorizes the City Manager to establish appropriations for and expend grant funding received during the year where the grant funds and any matching City funds are under the Council threshold of \$30,224 as established above.

- e) That the indirect cost rate, as detailed in the City of Stockton Full Cost Allocation Plan and OMB-87 Plan, shall be charged to all applicable capital project funds and transferred to the General Fund (010), as project funding and regulations permit.
- f) The City Manager is authorized to transfer funds from eligible capital project funds to Public Art Fund (306) to implement the Fiscal Year 2010-11 Public Art Plan, as approved by Council, including transfers relating to mid-year appropriations to capital projects eligible for public art contributions.
- g) The City Manager is authorized to repay inter-fund loans as funding becomes available, in accordance with the City's Debt Policy and Public Facilities Fees Administration Guidelines. Any new inter-fund loans must be approved by the City Council in accordance with the City's Debt Policy.
- h) The City Manager is authorized to move appropriations and transfer between funds within a single budget unit, such as the Central Parking District and the Federal grant funds, where multiple funds have been established for operating/tracking purposes and the fund relationship has been identified in the Fiscal Year 2010-11 Annual Budget, or established by subsequent Council action.
- i) Authorize the expenditure of \$150,000 to Community Partnership for Families for administrative and program costs that support community outreach efforts at City of Stockton community centers. This funding is included in the proposed General Fund budget under Non-departmental accounts.
- j) The City Manager is authorized and directed to take such actions as are appropriate to carry out the intent of this resolution.

PASSED, APPROVED and ADOPTED _____.

ANN JOHNSTON, Mayor
of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

STOCKTON CITY COUNCIL

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STOCKTON MAKING OF BENEFIT FINDINGS PURSUANT TO THE CALIFORNIA REDEVELOPMENT LAW IN CONNECTION WITH ADOPTION OF THE REDEVELOPMENT AGENCY'S FISCAL YEAR 2010-2011 BUDGET

Section 33445 of California Community Redevelopment Law allows a redevelopment agency to pay the value of the land and the cost of the installation and construction of any building, facility, structure, or other publicly owned improvements within or without the project area; and

The Agency Budget for fiscal year 2010-2011 includes such improvements; and

A Redevelopment Agency may spend Housing Fund monies outside a redevelopment Project Area if the Agency and the City Council find that such expenditures will be of benefit to the Project Area as specified in Health and Safety Code section 33334.3(d); and

Any Housing Fund monies spent outside the redevelopment Project Areas will provide additional affordable housing opportunities and benefits by meeting the goal of each redevelopment Project Area to provide more affordable housing opportunities within the City of Stockton, thereby decreasing the market pressure on the supply of affordable housing in the community and by providing affordable housing throughout the City of Stockton and not necessarily concentrating affordable housing in particular neighborhoods within the City of Stockton; and

The City and Agency desire that if the Agency is a party to an agreement regarding development of a redevelopment project and upon approval by the City Manager, then all development fees due to the City as part of the development project shall be deferred by the City and will become a long term, non-interest bearing loan, due to the City from the Agency to be paid upon the availability of tax increment from the redevelopment Project Area in which the development is located or for which the development provides benefit, provided such loan shall be subordinate to any bonded indebtedness of the Agency; and

By staff report accompanying this Resolution and incorporated into this Resolution by this reference (the "Staff Report"), the City Council has been provided with additional information upon which the findings and actions set forth in this Resolution are based; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. That, based on information and analysis set forth in the above Recitals and contained in the Staff Report accompanying this Resolution the City Council hereby finds and determines that the above recitals are true and correct and have served as the basis, in part, for the findings and actions of the City Council set forth below.

City Atty:
Review _____
Date June 16, 2010

2. That, based on information and analysis set forth in the above Recitals and contained in the Staff Report accompanying this Resolution, the City Council hereby finds and determines:

(a) That the public improvements set forth in the Agency 2010-2011 budget are of benefit to the respective redevelopment Project Area in and near where such improvements will be constructed and the immediate neighborhood of the applicable Project Area;

(b) That no other reasonable means of financing such improvements are available;

(c) That such improvements will help to alleviate blighted conditions in the applicable Project Area; and

(d) That the payment of the costs of such improvements is consistent with the Agency's adopted Implementation Plan.

3. That, based on information and analysis set forth in the above Recitals and contained in the Staff Report accompanying this Resolution, the City Council hereby finds and determines pursuant to Health and Safety Code section 33334.2(g) that the use of moneys from the Housing Fund to fund housing projects outside any redevelopment Project Area will be of benefit to the each redevelopment Project Area within the City.

4. That the City Council agrees that if the Agency is a party to an agreement regarding development of a redevelopment project and upon approval by the City Manager, then all development fees due to the City as part of the development project shall be deferred by the City and will become a long term, non-interest bearing, loan due to the City from the Agency to be paid upon the availability of tax increment from the redevelopment Project Area in which the development is located or for which the development provides benefit, provided such loan shall be subordinate to any bonded indebtedness of the Agency.

PASSED, APPROVED and ADOPTED _____.

ATTEST:

ANN JOHNSTON, Mayor
of the City of Stockton

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

Resolution No. _____

STOCKTON REDEVELOPMENT AGENCY

RESOLUTION OF THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON ADOPTING A BUDGET FOR FISCAL YEAR 2010-2011, AND MAKING RELATED FINDINGS IN CONNECTION THEREWITH

The Redevelopment Agency of the City of Stockton (the "Agency") has considered the proposed budget for fiscal year 2010-2011 and related written and oral information at meetings on the proposed budget; and

The Agency is required to adopt an annual budget pursuant to Health and Safety Code section 33606; and

Section 33445 of California Community Redevelopment Law allows a redevelopment agency to pay the value of the land and the cost of the installation and construction of any building, facility, structure, or other publicly owned improvements within or without the project area; and

The Agency Budget for 2010-2011 includes such improvements; and

The Redevelopment Agency has determined:

- (1) That such improvements are of benefit to the respective redevelopment Project Area in which such improvements will be constructed and the immediate neighborhood of the applicable Project Area;
- (2) That no other reasonable means of financing such improvements are available;
- (3) That such improvements will help to alleviate blighted conditions in the applicable Project Area; and
- (4) That the payment of the costs of such improvements is consistent with the Agency's adopted Implementation Plan; and

California Community Redevelopment Law directs that an Agency's Low and Moderate Income Housing Fund ("Housing Fund") be used to the maximum extent possible to defray the costs of production, improvement and preservation of low and moderate income housing; and

A portion of an Agency's planning and general administrative costs associated with Housing Fund activities may be charged to the Housing Fund as specified in Health and Safety Code section 33334.3(d); and

It is expected that planning and general administrative costs will comprise approximately 20% of Housing Fund activities this year, given the requirement to update plans regarding the use of the Housing Fund and the Agency's other housing obligations this fiscal year; and thus this percentage is not disproportionate to the amount actually spent on the production, improvement and preservation of affordable housing; and

City Atty: _____
Review _____
Date June 16, 2010

A Redevelopment Agency may spend Housing Fund monies outside a redevelopment project area if the Agency and the City Council find that such expenditures will be of benefit to the project area as specified in Health and Safety Code section 33334.2(g); and

Any Housing Fund monies spent outside the redevelopment Project Areas will provide additional affordable housing opportunities and benefits by meeting the goal of each redevelopment Project Area to provide more affordable housing opportunities within the City of Stockton, thereby decreasing the market pressure on the supply of affordable housing in the community and by providing affordable housing throughout the City of Stockton and not necessarily concentrating affordable housing in particular neighborhoods within the City of Stockton; and

The Redevelopment Agency has determined that monies from the Housing Fund spent outside of any redevelopment Project Area in the City of Stockton are of benefit to each redevelopment Project Area within the City of Stockton; and

Tax increment amounts budgeted are projections and need to be adjusted based on actual revenue received during the year; and

By staff report accompanying and incorporated into this Resolution by this reference (the "Staff Report"), the Agency has been provided with additional information upon which the findings and actions set forth in this Resolution are based; now, therefore,

BE IT RESOLVED BY THE REDEVELOPMENT AGENCY OF THE CITY OF STOCKTON, AS FOLLOWS:

1. That, based on information and analysis set forth in the above Recitals and contained in the Staff Report accompanying this Resolution, the Agency hereby finds and determines that the above recitals are true and correct and have served as the basis, in part, for the findings and actions of the Agency set forth below.

2. That the public interest requires the approval of the proposed 2010-2011 Agency Budget, and the same is hereby approved by the Agency.

3. The Agency authorizes the City of Stockton to award and monitor contracts on behalf of the Agency for projects included in the 2010-2011 Agency Budget.

4. That, based on information and analysis set forth in the above Recitals and contained in the Staff Report accompanying this Resolution, the Agency finds and determines that approximately 20% of the Housing Fund allocated in the 2010-2011 Agency budget to planning and general administrative costs are necessary for the production, improvement and preservation of low and moderate income housing as identified in the goals of the 2010-2011 Agency budget.

5. That, based on information and analysis set forth in the above Recitals and contained in the Staff Report accompanying this Resolution, the Agency finds and determines that monies from the Housing Fund spent outside of any redevelopment Project Area in the City of Stockton are of benefit to each redevelopment Project Area within the City of Stockton.

6. That, based on information and analysis set forth in the above Recitals and contained in the staff report accompanying this Resolution, the Agency finds and determines that the Executive Director is authorized to appropriate from fund balance when necessary to continue purposes approved by the City Council or Redevelopment Agency in the current year, Adopted Budget, or by subsequent action.

7. That, based on information and analysis set forth in the above Recitals and contained in the staff report accompanying this Resolution, the Agency finds and determines that the Executive Director is authorized to adjust the Agency budget to reflect differences in actual Tax Increment received throughout the fiscal year.

8. That the Agency agrees that if the Agency is a party to an agreement, dated on or after January 1, 2004, regarding development of a redevelopment project and upon approval by the Executive Director, then all development fees due to the City as part of the development project shall be deferred by the City and will become a long term, non-interest bearing, loan due to the City from the Agency to be paid upon the availability of tax increment from the redevelopment Project Area in which the development is located or for which the development provides benefit, provided such loan shall be subordinate to any bonded indebtedness of the Agency.

PASSED, APPROVED and ADOPTED _____.

ANN JOHNSTON, Chairperson
Redevelopment Agency of the City of Stockton

ATTEST:

KATHERINE GONG MEISSNER, Secretary
Redevelopment Agency of the City of Stockton

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