



CITY OF STOCKTON NEWS RELEASE

FOR IMMEDIATE RELEASE:
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STOCKTON APPROVES AGREEMENTS WITH SIX LABOR GROUPS

(Stockton, CA) - The Stockton City Council approved labor agreements with six of its nine employee labor groups this evening, including: Stockton Mid-Management/Supervisory Level Bargaining Group (B&C); Stockton City Employee's Association (SCEA); Operating Engineer's Local 3 Units, Operations and Maintenance Unit, Trades and Maintenance Unit and Supervisory Unit Municipal Utilities; Stockton Police Management Association (SPMA). Prior to filing for chapter 9 bankruptcy protection, the City engaged in a state-mandated confidential mediation process with its largest creditors, including labor union representatives. Shortly after the conclusion of the 90-day mediation, the City had reached tentative agreements with the six labor unions and confirmed that the agreements will be honored in bankruptcy. The unions have all voted to ratify the tentative agreements and the final step in the process is Council approval.

The City has implemented significant benefit and compensation reductions since 2009. Employee labor groups have agreed to both permanent and temporary concessions

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to help the City balance its budget during the last several years. In March 2012, the City entered into AB 506 confidential mediation with interested parties. The labor representatives worked very hard to understand the fiscal issues and attempt to reach agreements. On June 26, 2012, the City Council adopted a Pendency Plan budget, which is the financial operational plan and budget for fiscal year 2012-2013. The Pendency Plan included changes in compensation and conditions of employment for all labor groups. Negotiations continued after the adoption of the Pendency Plan, resulting in the six agreements.

The agreements include concessions previously agreed to or imposed under the City's Fiscal Emergency in prior fiscal years, as well as additional changes. In summary, the agreements include a 62-hour employee furlough for fiscal year 2012-2013; lower retirement benefits for future employees; reductions and changes to vacation leave; changes in sick leave and elimination of "cash value" for sick leave; elimination of one holiday; reduction in overtime pay calculations; and reduction and elimination of longevity pay; and elimination of retiree medical benefits. In total, the adjustments result in a reduction in total cost savings of \$1.36 million; the General Fund savings is \$450,000.

"We are extremely grateful to our employees who worked so hard throughout the confidential mediation process and have helped us address the City's fiscal crisis," said Vice Mayor Kathy Miller. "This is a huge sacrifice by employees who have already given over the last few years through furloughs and pay and benefit reductions. These agreements

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represent to our other creditors that our employees understand the depth of this crisis and the needs of our community and have been willing, time and time again, to do their part to help our City. These employee agreements will go a long way to helping Stockton recover and move our city forward.”

In addition to the agreements reached with the six represented labor groups, equivalent modifications were made to the compensation plan for unrepresented employees, who are employees in the City Manager’s Office, City Attorney’s Office, City Auditor’s Office, City Clerk’s Office, Human Resources Department, and various other employees and not represented by a labor union.

Additional information about Stockton’s bankruptcy is available on the City of Stockton web site at www.stocktongov.com/chapter9 or www.stocktongov.com/bankruptcy. Citizens may submit questions through the Ask Stockton option on this page or by calling (209) 937-8827.

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