

TERM

July 1, 2010-June 30, 2011

ADDITIONAL RETIREMENT CONTRIBUTIONS

ON-GOING ADDITIONAL RETIREMENT CONTRIBUTIONS

Effective June 27, 2010, all employees who are members of the Federated City Employees' Retirement System will make additional retirement contributions in the amount of **7.31%** of pensionable compensation, and the amounts so contributed will be applied to reduce the contributions that the City would otherwise be required to make for the pension unfunded liability, which is defined as all costs in both the regular retirement fund and the cost-of-living fund, except current service normal costs in those funds. This additional employee retirement contribution would be in addition to the employee retirement contribution rates that have been approved by the Federated City Employees' Retirement System Board. The intent of this additional retirement contribution by employees is to reduce the City's required pension retirement contribution rate by a commensurate **7.31%** of pensionable compensation, as illustrated below:

Federated			
	City	Employee	Total
Current Contribution Rates	29.59%	10.30%	39.89%
Contribution Rates With Additional Employee Contributions	22.28%	17.61%	39.89%

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

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

In addition to the retirement contributions specified above, effective June 27, 2010, through June 25, 2011, all employees will make an additional retirement contribution in the amount of **3.69%** of pensionable compensation, and the amounts so contributed will be applied to reduce the contributions that the City would otherwise be required to make during that time period for the pension unfunded liability, which is defined as all costs in both the regular retirement fund and the cost-of-living fund, except current service normal costs in those funds. This additional employee retirement contribution would be in addition to the employee retirement contribution rates that have been approved by the Federated City Employees' Retirement System Board.

TREATMENT OF ADDITIONAL EMPLOYEE CONTRIBUTIONS

Both the on-going and one-time additional retirement contributions shall be treated in the same manner as any other employee contributions. Accordingly, the intent of these additional payments will be made on a pre-tax basis through payroll deductions pursuant to IRS Code Section 414(h)(2) and will be subject to withdrawal, return and redeposit in the same manner as any other employee contributions.

*In the Union: Gay Davis McKenzie 6/18/10
Nancy J. Ostrowski 4/18/10*

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IMPLEMENTATION OF ADDITIONAL RETIREMENT CONTRIBUTIONS AND MISSED CONTRIBUTIONS

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

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

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

CONTINGENCY PROVISION

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

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

BALANCE TO EQUAL 10% OF TOTAL COMPENSATION

Effective June 27, 2010 through June 25, 2011, all employees shall receive a 2.7% temporary base pay reduction. This will result in the top and bottom steps of the range being 2.7% lower.

COMMENCEMENT OF NEGOTIATIONS

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

*In the union: Liz Davis McKenzie 6/18/10
Randy Detkowski 6/18/10*