

**SUPPLEMENTAL AGREEMENT  
BETWEEN  
THE CITY OF VALLEJO  
AND  
THE VALLEJO POLICE OFFICERS' ASSOCIATION**

This Supplemental Agreement ("Agreement") executed January 28, 2009 is between and by the City of Vallejo ("City") and the Vallejo Police Officers' Association ("VPOA") for the purpose of modifying the Labor Agreement between the parties dated July 1, 2000 through June 30, 2005 and Supplemental Agreements dated March 25, 2003, July 15, 2003, June 15, 2004, and the Interim Agreements dated March 4, 2008, including any sideletters to these agreements (collectively the "Pre-existing Labor Agreement"). The new term of the agreement and supplementals shall be from July 1, 2000 through June 30, 2012. This document is intended to supersede any inconsistent provisions of the Pre-Existing Labor Agreement, and to supersede and modify, with respect to those represented by the VPOA, the City's unilaterally-adopted changes to compensation and benefits and Pre-existing Labor Agreement terms (together with any past, current, or future modifications to those changes, the "Pendency Plan") implemented during or in connection with its Chapter 9 bankruptcy case. For clarification and the avoidance of doubt, the provisions in Section V of the Pendency Plan providing for deferred payouts to retiring or separating employees with vacation and compensatory time and accrued vacation balances shall not apply to VPOA bargaining unit members who separate from employment after Adoption of this Agreement. All other terms and conditions in the Pre-existing Labor Agreement, including any supplemental agreements, whether or not listed above, and any side letters to the Pre-existing Labor Agreement or the supplemental agreements except the Pendency Plan shall remain in full force and effect unless modified by this Supplemental Agreement.

**The City and VPOA agree to amend the Pre-existing Labor Agreement as follows:**

1. **Eliminate minimum staffing.** Delete Recitals Section C.3.a – c in VPOA Supplemental Agreement July 2004, as well as the entire March 4, 2008 Final resolution of Staffing Grievance. The parties agree that there are no other references to minimum staffing in the Pre-existing Labor Agreement.
2. **Remove Sergeants from Rule of 2 vacation scheduling.** Delete and Replace Section 7.E.Vacation Selection with the following:
  - E. Vacation Selection
    1. All employees shall annually select first and second vacation leave periods (including annual leave in lieu of holidays) during the months of November and December of each year on the basis of classification seniority and rank order within assignments.
    2. The Chief of Police shall, during November of each year, designate the maximum number of employees, outside of the Patrol Division, who may be

## VPOA SUPPLEMENTAL AGREEMENT JANUARY 2009

on vacation at any one time for each organizational unit, or specialized activity for the following calendar year.

3. The selection of first and second vacation periods may not be divided into segments of less than forty (40) or more than one hundred sixty (160) hours without the consent of the Chief of Police.
4. One Patrol Division Sergeant or Lieutenant per watch shall be on regular assigned duty at all times.
5. One Lieutenant or Sergeant per squad can be off on vacation at one time. In cases where a sergeant's work hours overlap with more than one lieutenant, that sergeant will be grouped with the lieutenant with the most overlapping hours.
6. For the Patrol Division, two corporals or officers per squad shall be allowed off on vacation at anytime. Squad supervisors may deviate from this provision in allowing additional personnel off in accordance with procedures established by the Chief of Police.

Delete E 7 thru 10.

3. **Salaries:** Delete and Replace Section 8.A - M: SALARIES with the following:
  - A. Effective July 1, 2008, wages for members of the bargaining unit shall remain at the level established by the Pendency Plan (effective July 1, 2008) (as set forth in Appendix A – Salary Schedule).
  - B. Effective July 1, 2009, wages for members of the bargaining unit shall remain the same as of July 1, 2008(as set forth in Appendix A – Salary Schedule).
  - C. Effective July 1, 2010, wages for members of the bargaining unit shall be modified by the amount necessary to bring the salary for the Vallejo Police Officer classification to the average salary of employees in the classification of Police Officer in the seven (7) cities listed in subsection E.2 below. The same percentage increase will be applied to all members of the bargaining unit. In no event will the survey result in a reduction in salaries for VPOA bargaining unit members.
  - D. Effective July 1, 2011, wages for members of the bargaining unit shall be modified by the amount necessary to bring Vallejo Police Officers to the average of salary of Police Officers in the seven (7) cities listed in subsection E.2 below. The same percentage increase will be applied to all members of the bargaining unit. In no event will the survey result in a reduction in salaries for VPOA bargaining unit members.

## VPOA SUPPLEMENTAL AGREEMENT JANUARY 2009

### E. Survey Methodology

1. For comparison purposes "salaries" will include or salary (not including longevity steps) and employee contributions to PERS ("EPMC") for the Police Officer classification.

2. The seven (7) survey cities are:

Alameda  
Berkeley  
Daly City  
Hayward  
Oakland  
Richmond  
San Leandro

3. The use of the above seven (7) cities shall be for the purpose of salary comparisons only. The survey shall be performed on October 1, of the appropriate year and will include all known wage increases effective the first full pay period of July of that year (e.g., the 2010 survey shall include any scheduled increases effective the first full pay period of July, 2010 and known as of October 1, 2010). Any changes will be retroactive to July 1.

F. The Corporal classification shall receive salary at seven percent (7%) above the top step police officer classification. It is further understood and agreed that while first-line supervision for sworn officers is provided by Police Sergeants, Police Corporals may be assigned to directly supervise and evaluate small work groups composed of non sworn staff members. Nothing in this agreement is intended to diminish the role of Police Sergeants in the Police Department's organizational structure.

G. All bargaining unit employees shall have the option to enroll in the deferred compensation plan which is available through the City.

### H. Longevity Pay

1. The City shall compensate bargaining unit members who have at least eight (8) years of police service with the City of Vallejo and a total of twenty (20) or more years and less than twenty-five (25) years of police service, as defined in California Penal Code sections 830.1 and 830.2(a) (as the sections existed on July 1, 2003) an amount equal to five per cent (5%) above their base salary.

## VPOA SUPPLEMENTAL AGREEMENT JANUARY 2009

2. The City shall compensate bargaining unit members who have at least eight (8) years of police service with the City of Vallejo and a total of twenty-five (25) or more years of police service, as defined in California Penal Code sections 830.1 and 830.2(a) (as the sections existed on July 1, 2003) an amount equal to ten per cent (10%) above their base salary.

At no time shall such benefit be more than ten per cent (10%). Longevity pay shall be included in the calculation of vacation and sick leave pay for eligible bargaining unit members.

**4. Cap on Annual Leave Accruals.** Delete and Replace Section 19.C: ANNUAL LEAVE

C. The annual leave accruals will be capped at the following levels:

1. Employees hired before February 1, 2009, are eligible to accumulate annual leave up to the amount which can be accumulated in four (4) years.
2. Employees hired on or after February 1, 2009, are eligible to accumulate annual leave up to the amount which can be accumulated in three (3) years.

**5. Sick Leave Cashout.** Delete and Replace Section 20.A: SICK LEAVE

A. Sick Leave Accrual

1. Upon satisfactory completion of six (6) months of full-time service by any regular employee hired on or after February 1, 2009, his/her record shall be credited with ninety (90) hours sick leave. Thereafter, the employee shall be credited with fifteen (15) additional hours sick leave for each additional full month of employment up to a maximum of one hundred-eighty (180) hours in each consecutive twelve month period. Employees hired on or after February 1, 2009 cannot participate in the Sick Leave Buy-Back provision described in C, below. All accumulated sick leave shall apply towards retirement service credit pursuant to subsection E, below.
2. Employees hired before February 1, 2009 shall be credited with ten (10) hours sick leave for each additional full month of employment to a maximum of one hundred-twenty (120) hours in each consecutive twelve (12) month period, unless they make an election pursuant to subsection (a) below.

## VPOA SUPPLEMENTAL AGREEMENT JANUARY 2009

- a. An employee hired before February 1, 2009 may choose from the following two (2) options.
  - i. Maintain existing sick leave accrual/cash out policy as it existed prior to this supplemental agreement (i.e., 10 hours accrual per month with option to cash out per C below); or
  - ii. Freeze his/her existing bank subject to the cash out policy existing prior to this supplemental agreement and increase sick leave accrual from ten (10) hours to fifteen (15) hours sick leave for each additional full month of employment.
    - a. Upon selection of this option any sick leave used will be deducted from the new accrual bank. If there are not sufficient hours in the new bank the frozen bank will have the hours deducted from it.
    - b. If an employee chooses to increase sick leave credit from ten (10) hours to fifteen (15) hours, the employee cannot utilize any hours earned after exercising this option to participate in the Sick Leave Buy-Back provision in C, below. Any hours earned prior to exercising the option remain eligible for the Sick Leave Buy-Back. All non-cashed out sick leave hours (whether accumulated before or after exercising the option) may be applied towards retirement service credit pursuant to subsection E, below. **[Note: Subsection E is part of the Pre-existing Labor Agreement and is not reproduced herein.]**
- b. An employee hired before February 1, 2009 may elect to freeze his or her existing sick leave bank and increase his or her sick leave accrual pursuant to Section a, above during the period between February 1 and February 14, inclusive, each year ("election period"). The election shall be made on a form provided by the Department of Human Resources and shall be submitted to the Department of Human Resources during the Department's regular business hours during the election period. The election will become effective the first full pay period after March 1 of that year. An election made pursuant to this section shall be non-revocable and all future sick leave hours earned will be subject to the restrictions in subsection a.ii, above.

## VPOA SUPPLEMENTAL AGREEMENT JANUARY 2009

- B. Whenever an employee is granted and takes sick leave, the number of hours which occur during said leave based on the employee's scheduled work day shall be subtracted from accumulated sick leave benefits. Any member of the bargaining unit assigned to work a shift in excess of 10 hours, who is off sick for an entire work day, shall have only 10 hours deducted from his/her sick leave balance. The Intent of this provision is to ensure that each employee receives a full 12 or 18 sick days per year.

6. **Cap City Contribution to Employee and Retiree Medical at the Kaiser Bay Area / Sacramento Area Rate. Effective January 1, 2010.**

Delete and replace sections 22 A 1 thru 22 A 2

A. Health Insurance

1. The City shall provide to all eligible employees, retiree-annuitants, and dependents, the PERS Health Benefits Program subject to the following restrictions.
2. Effective January 1, 2010 and there after, the City's direct PEMHCA contribution of medical premiums for employees and eligible dependents shall be the full premium cost of the chosen medical plan offered through PERS Health Plan Services Division, not to exceed the Kaiser Bay Area / Sacramento Area rate for each level of participation – single, single plus one dependent, single plus two or more dependents. For example, if the Kaiser family rate is \$1000/month and an employee with family coverage chooses a plan costing \$1500/month, the City will pay \$1,000 (the Kaiser premium) and the employee will pay \$500 (the difference between the selected plan and the Kaiser premium) each month.
3. For employees hired on or before February 1, 2009, the City will contribute the same amount towards eligible retiree-annuitants' PEMHCA medical premiums as it contributes towards the PEMHCA medical premiums for current VPOA bargaining unit employees. For example, if the City's direct PEMHCA contribution is capped at the Kaiser Bay Area / Sacramento Area rate for each level of participation, the City will pay up to that same amount for eligible retirees at each level of participation.
4. With respect to retiree-annuitants hired on or after February 1, 2009, any benefit in excess of the PEMHCA statutory minimum will require ten (10) years of City of Vallejo service. Any employee hired before such date shall not be subject to the vesting requirement. This vesting requirement shall not apply to any employee who is granted a disability retirement. The benefit once

## VPOA SUPPLEMENTAL AGREEMENT JANUARY 2009

vested will be the same as for retiree-annuitants hired before February 1, 2009 (i.e., the same as the amount of the City's PEMHCA contribution for current VPOA bargaining unit employees).

7. **Pre-Retirement Optional Settlement 2W Death Benefit (GC 21548).** Add Section 27.G: RETIREMENT PLAN

G. Pre-Retirement Death Benefit

Effective as soon as practical the City shall amend its contract with PERS to include the Pre-Retirement Optional Settlement 2-W Death Benefit set forth in Government Code Section 21548, for bargaining unit employees.

8. **Term.** Delete and Replace Section 48.A: TERM OF AGREEMENT

A. This Supplemental Agreement shall become effective at 12:01 a.m. February 1, 2009. This Agreement shall remain in full force and effect through June 30, 2012, and from year-to-year thereafter, unless either part shall have given written notice to the other of its desire to amend or terminate the Agreement not less than six (6) months prior to June 30, 2012, or any subsequent anniversary date of the Agreement. The parties may at any time mutually consent to extend this agreement for a specific period. Upon giving the notices provided herein, the parties shall meet, collectively negotiate and attempt to resolve differences concerning proposed amendments and changes submitted by either of them. Should the parties fail to agree upon said requested amendments and changes, then the matter shall be determined in accordance with the City Charter. There shall be no strikes, lockouts or stoppages of work during the life of this Agreement.

9. **Use of Retired Annuitants.** Add Section 49: ANNUITANTS

The City may hire retiree-annuitants who have retired as police officers (including all ranks in the Police Department) from the City of Vallejo to perform work currently performed by bargaining unit members for a term not to exceeding six (6) months. Retiree-annuitants may be used only to fill an existing vacancy until a regular officer can be hired (or for other assignments by mutual agreement of the parties). The Annuitant shall not work in any type of supervisory capacity, or specialized assignment. The Annuitant can only be assigned to a Patrol Squad after that assignment has been offered to all current members of the bargaining unit. These retiree-annuitants are not members of the bargaining unit represented by VPOA and are not eligible for or subject to the terms and conditions contained herein, or other benefits offered by the VPOA. Annuitants will not be paid more than the top step police officer salary.

**VPOA SUPPLEMENTAL AGREEMENT JANUARY 2009**

10. **Payment in Lieu of Bankruptcy Claim; Agreement on Allowance, Voting and Satisfaction of Bankruptcy Claims.** Add Section 50: PAYMENT IN LIEU OF BANKRUPTCY CLAIM AND MEANS OF SATISFYING CLAIMS UNDER CHAPTER 9 BANKRUPTCY
- A. The City shall pay to the VPOA for the benefit of its members \$333,333 on July 1, 2012; \$333,333 on July 1, 2013; and \$333,334 on July 1, 2014 (the "Required Payments") whether or not the City's Chapter 9 bankruptcy is dismissed or results in a confirmed plan of arrangement, all in compensation for the modification of VPOA salaries hereunder and under the Pendency Plan prior to the adoption of this Agreement.
  - B. VPOA contends that its members would have claims in the City's bankruptcy case on account of the City's imposition of the Pendency Plan, or the changes under this Agreement from the Pre-existing Labor Agreement (collectively, "Contract Modification Claims"). While the City agrees that VPOA members would have certain Contract Modification Claims, the parties agree that it is unnecessary to attempt to quantify them in light of this Agreement. In the event the Contract Modification Claims must be calculated and allowed, such determination shall be made by the Bankruptcy Court.
  - C. Subject to Paragraph D below, the Contract Modification Claims shall be satisfied in full by payment of the Required Payments regardless of whether a plan of arrangement calls for different or additional payment of the claims or otherwise similar claims, and that the City may satisfy its obligation to pay the Contract Modification Claims by paying the Required Payments in compliance with Section A above.
  - D. Notwithstanding Paragraph C, in the event that the City files a second bankruptcy case prior to June 30, 2012, or further modifies this Agreement during its current bankruptcy case or imposes any changes to this Agreement or to terms and conditions of employment for members of the VPOA bargaining unit under its plan of arrangement, then any and all claims of the VPOA and all bargaining unit members arising during fiscal years 2008/09 and 2009/10 shall be calculated based on the terms of the 2000-2010 POA MOU as constituted by the Pre-existing Labor Agreement.



## VPOA SUPPLEMENTAL AGREEMENT JANUARY 2009

- E. By way of clarification and to avoid doubt, the Contract Modification Claims that are to be satisfied as provided in sections A, B, and C above do not include (1) any claims arising from future modifications of the Pendency Plan after signing this Agreement but prior to the effective date of this Agreement after ratification by the members of the VPOA and adoption by the City Council; (2) claims of particular injury to any member represented by the VPOA (including, without limitation, workers' compensation claims for injury or wrongful termination) not caused by the modification of the Pre-existing Labor Agreement by the Pendency Plan or this Agreement. Any such excluded claims are retained by the affected members and are not satisfied by the Required Payments.
- F. In connection with any extension or renegotiation of this Agreement for 2012-13, 2013-14, and 2014-15, the Required Payment amounts paid in those respective years (unless then modified or waived under such a subsequent agreement) shall be considered part of the total value of the salary and benefits package in those fiscal years during which the payments are made, by the parties and by the mediator or arbitrator when future contract terms are determined by bargaining or after impasse.
- G. The City warrants that in its bankruptcy case it will not seek to unilaterally impose any further changes in terms or conditions of employment within the scope of bargaining on the VPOA or its bargaining unit members. In the event that the City makes such unilateral changes in terms or conditions of employment within the scope of bargaining, any claims associated with those changes will be treated and allowed as administrative claims in the bankruptcy case and in any plan of adjustment proposed by the City, and the City agrees in advance that the automatic stay does not apply to prevent the VPOA or the members of its bargaining unit to bring a resulting grievance and have that grievance determined in accordance with this Agreement.
- H. This agreement shall not be affected by the length of the City's pending bankruptcy case or by any negotiations or agreements between the City and its other creditors, including other employee organizations and their members. Nor shall this agreement be affected by any plan of adjustment proposed by the City, no matter what the treatment of other creditors in such plan.
- I. The City agrees that VPOA has standing to object to any plan of adjustment to the extent such plan of adjustment is inconsistent with any provision of this Agreement. The City further agrees to promptly communicate with VPOA with respect to its negotiations with other creditors concerning any plan of adjustment; provided, however, that such agreement does not supersede confidentiality provisions reasonably imposed by the City or the other parties to such negotiations.

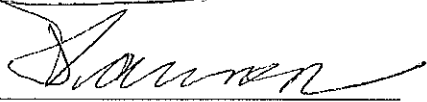
## VPOA SUPPLEMENTAL AGREEMENT JANUARY 2009

- J. In the event that this Agreement has been approved by the City Council and ratified by VPOA prior to the hearing on the City's motion for approval of the rejection of the VPOA collective bargaining agreement, the City will withdraw such motion. Upon approval of this agreement by the City Council and ratification by VPOA, VPOA will withdraw as a party from its pending appeal from the order for relief.
11. **Ratification Date.** This Agreement shall be binding upon its approval by the City Council and ratification by the VPOA members (the "Ratification Date".)
12. **Attorneys Fees.** From and after the Ratification Date, the City shall reimburse VPOA for all of VPOA's post-Ratification Date reasonable attorney fees and costs actually incurred in the current bankruptcy case on account of or in connection with (a) protecting and defending this Agreement and the benefits it provides against any challenges (other than any challenge by the IBEW or IAFF or those unions' current or former members); and (b) protecting the reasonable interests and the interests of its members to receive all the compensation and benefits to which they are entitled under this Agreement. The foregoing includes without limitation, reasonable fees and costs incurred in connection with (i) the City's breach of this Agreement; and (ii) the objection to any plan of adjustment on the ground that such plan is inconsistent with this agreement; *provided, however,* that with respect to subpart (i) only, should the bankruptcy court determine that the City has not breached this Agreement, then the City is under no obligation to pay such attorney fees and costs; and *provided further* that with respect to subpart (ii) only, the City is under no obligation to pay for such attorney fees and costs should the bankruptcy court determine that the plan is consistent with this agreement. For clarification and the avoidance of doubt, because after the Ratification Date the VPOA will be withdrawing as an appellant in the existing appeal and the City will withdraw its motion to reject the Pre-existing Labor Agreement, the City shall not pay the VPOA's attorneys' fees in connection with (A) pursuing the appeal, or (B) opposing the motion to reject the Pre-existing Labor Agreement after the City withdraws that motion.
13. **Development of Final Agreement.** The parties further agree that the MOU and supplemental agreements need to be combined into a single comprehensive agreement and that that agreement will need to be updated and consolidated into a single document. By September 1, 2009 the parties will attempt to develop a single document covering the time period from July 1, 2008 through June 30, 2012.

VPOA SUPPLEMENTAL AGREEMENT JANUARY 2009

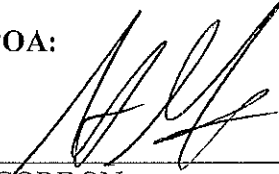
IN WITNESS WHEREOF, the parties hereto acting by, and through their duly authorized representatives, have executed this Supplemental Agreement this 08 day of January, 2009.

FOR THE CITY OF VALLEJO:



JOSEPH TANNER  
City Manager

FOR VPOA:

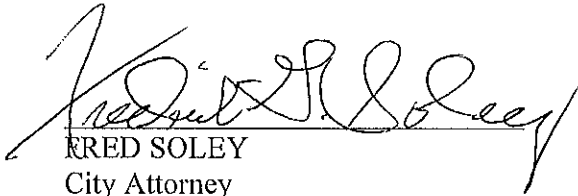


STEVE GORDON  
President – VPOA



MATHEW MUSTARD  
Vice-President – VPOA

APPROVED AS TO FORM:



FRED SOLEY  
City Attorney

ATTEST



MARY ELLSWORTH  
City Clerk

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