

4/8/11

**AMENDMENT TO THE LETTER OF AGREEMENT
BETWEEN THE CITY OF LOS ANGELES AND
THE COALITION OF LOS ANGELES CITY UNIONS**

APRIL 1, 2011 – JUNE 30, 2014

MOUs No. 2, 3, 4, 6, 7, 9, 10, 11, 12, 13, 14, 15, 16, 18, 29, 34, 36, 37

APRIL 8, 2011

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John M. [Signature]
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Cheryl [Signature]
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This agreement ("Agreement") amends the Letter of Agreement ("LOA") entered into on October 26, 2009, by and between the City of Los Angeles ("City") and the Coalition of Los Angeles City Unions ("Coalition") on behalf of its participating employee organizations. The term of this Agreement is April 1, 2011, through June 30, 2014.

RECITALS

This Agreement is based on the following facts:

A. During the 2009-10 fiscal year, the City and the Coalition entered into the LOA, a comprehensive agreement designed to help what was then the largest budgetary deficit in the City's history. The LOA stated the parties' ongoing commitment to the City's future, and sought to realize significant General Fund savings through the use of a variety of tools, including the modification of the economic terms of existing Coalition Memoranda of Understanding ("MOUs") and the extension of those MOUs to a common expiration date of June 30, 2014.

B. The period since the negotiation of the original LOA has seen a worsening of the City's fiscal crisis. Accordingly, the City and the Coalition have reopened negotiations to find long-term solutions to the City's structural deficit. The negotiations have focused not just on the budget for the 2011-12 fiscal year, but on three-year cost and revenue projections. The preference of the parties has been to forego short-term measures, such as mandatory furlough days, in favor of solutions that create permanent cost savings. In particular, the parties recognized the necessity of creating a permanent revenue stream to support the funding of retiree health benefits which the parties now agree will be a vested benefit as described below.

C. Per Los Angeles Administrative Code ("LAAC") Section 4.1103.1, the LACERS Board currently has the authority to change the maximum monthly medical plan premium subsidy provided to retired employees as long as any increase:

- (1) Does not exceed the dollar increase in the Kaiser two-party non-Medicare Part A and Part B premium, and
- (2) The average percentage increase for the first year of the increase and the preceding two years does not exceed the average assumed actuarial medical trend rates for the same period.

LACERS' 2011 maximum medical plan premium subsidy is \$1,190, which is equal to the 2011 Kaiser two-party non-Medicare Part A and Part B plan premium.

CP

D. The Agreement will generate savings to the General Fund, as well as to special fund and proprietary departments, through Fiscal Year 2013-14 which can be directed towards restoring and enhancing critical City services.

NOW, THEREFORE, the parties agree as follows:

Furlough Guarantee

1. The parties recognize that this Agreement generates savings in all City funds including special funds and those of the City's proprietary departments. In recognition of the City's unprecedented financial crisis, and in consideration for the savings generated by measures set forth herein, the parties agree that for the term of this Agreement (April 1, 2011, through June 30, 2014), no employee who is represented by any union that is a member of the Coalition shall be subject to a mandatory unpaid furlough. Under no circumstances shall employees be subject to mandatory furloughs in excess of 160 hours in FY 2010-11. Employees who have taken more than 160 mandatory furlough hours during FY 2010-11 will be permitted to take paid time off equal to the number of hours taken in excess of 160 hours up to a maximum of 48 hours. Such time off must be granted and used before July 2, 2011. Any such time that is not used by July 2, 2011 shall be forfeited

2. Within five (5) business days of the adoption of this Agreement by the Council, the Coalition, and each of its ratifying member unions, shall withdraw with prejudice any and all grievances and arbitration claims, unfair employee relations practice claims, and all litigation related to such grievances and arbitration claims, arising out of furloughs imposed on Coalition-represented employees prior to the effective date of this Agreement. The parties reserve their respective legal positions regarding the merits of such claims. The Coalition, and each of its member unions, further agrees that they hereby waive any and all rights with respect to any grievances, requests for arbitration, unfair employee relations practice claims, or litigation challenging any of the furloughs that have been imposed on Coalition-represented employees by the City prior to the effective date of this Agreement.

Workforce Stabilization

3. The parties recognize the magnitude of the financial crisis may require the City to exercise its management right to reorganize and possibly reduce the size of the workforce. Subject to and in accordance with the executive authority granted to the Mayor pursuant to the Charter, the City will make the following efforts to mitigate the potential layoff of Coalition members in General Fund positions:

a. To utilize savings generated in the special funds and proprietary departments to avoid the layoff of any current Coalition-represented employee;

b. To transfer Coalition-represented employees affected by position eliminations off of the General Fund into available special fund and proprietary

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department positions as permitted by the Charter and applicable Civil Service Rules; and

c. To have any employee in a representation unit subject to this Agreement ("covered employee") who is on a reserve list, be considered for any vacancy in an appropriate classification by all Council-controlled and proprietary departments as permitted by the Charter and applicable Civil Service Rules.

These efforts will be subject to and in accordance with the executive authority, as granted by the Charter, of the Mayor and as specified in Mayor Antonio R. Villaraigosa's Fiscal Year 2011-12 Budget Instructions issued on March 24, 2011. Other tools to be utilized may include but are not limited to transfers, elimination of vacant positions, Charter Section 1014 transfers, and targeted buyouts.

Targeted Budget Savings – COLAs

4. The following is the amended salary adjustment schedule:

Fiscal Year	Effective Date	Current Provision (as revised 7/1/10)	Modified Provision (under this Agreement)
2011/12	7/1/11	2.25% COLA	2.25% COLA
	1/1/12	2.75% Step Adjustment	---
2012/13	7/1/12	2.25% COLA	2.25% COLA
	7/1/12	1.75% Additional COLA for Deferral Recovery	---
	11/1/12	1.75% Cash Payment	1.75% Cash Payment Converted to Paid Time Off in FY 12-13
	1/1/13	2.75% Step Adjustment	---
2013/14	7/1/13	---	1.75% Additional COLA for Deferral Recovery
	1/1/14	---	5.5% Step Adjustment

Freeze Salary Step Increases

5. Covered employees who are scheduled for a regular step increase between April 24, 2011, and April 23, 2012, shall have the regular salary step increase postponed by one year (for example, an April 24, 2011, step increase date is postponed to April 24, 2012).

CTO Cap (Council-Controlled Departments Only)

6. Covered employees whose salaries, or any portion thereof, are paid for by the General Fund (with the exception of Traffic Officers and Senior Traffic Supervisors), shall not receive cash overtime from the effective date of this Agreement through June 30, 2012. Covered employees shall accrue compensated time off (CTO) up to 240 hours during the term of this Agreement. The parties agree the City will provide notice.

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to employees who have accrued CTO time in excess of 180 hours and employees shall request to schedule time off within a reasonable period (not to exceed three pay periods) in order to reduce their CTO bank below the 180-hour threshold. Any General Manager requesting exemption from this provision shall be required to submit a written request to the City Administrative Officer for evaluation and approval. The request must specify the employees to be exempted, the time period for the exemption, and the estimated overtime cost.

Holiday Closures – FY 2011/2012 and FY 2012/2013

7. a. The parties agree that all covered employees shall receive thirty-two (32) paid hours off during the week between the Christmas Day and New Year's Day holidays in 2011 (December 27, 2011, through December 31, 2011) in exchange for a temporary salary reduction of 1.5% from July 1, 2011, to June 30, 2012.
- b. The parties also agree that all covered employees shall receive thirty-two (32) paid hours off during the week between Christmas Day and New Year's Day holidays in 2012 (December 24, 2012, through December 31, 2012) in exchange for relinquishing the 1.75% cash payment due on November 1, 2012, under the original LOA.

It is recognized that not all departments or divisions will be able to shut down during these holiday periods. Departments that are unable to shut down during the holiday periods specified above shall be required to submit an alternate plan to the Office of the City Administrative Officer (CAO) prior to November 1, 2011, and November 1, 2012, respectively. The CAO shall discuss the alternate plans with the Coalition.

JLMBC Savings

8. During the term of this Agreement, the parties agree to work through the JLMBC to effect plan changes to the Civilian Flex Benefits Program for Plan Years 2012 and 2013 with the goal of reducing cost increases of the program as set forth in the Personnel Department's Human Resources Benefits projection dated March 1, 2011. Specifically, the Coalition agrees to effectuate \$4.2 million savings in Calendar Year 2012 and \$5.5 million in Calendar Year 2013 as the Coalition's prorated share of the projected increases.

Excess Sick Leave Payments

9. In accordance with LAAC Section 4.126(b), any unused balance of sick leave at full pay remaining unused at the end of any calendar year, which if added to an employee's accumulated sick leave at full pay, will exceed 800 hours, shall, as soon as practicable after the end of each calendar year, be compensated for by cash payment of 50% of the salary rate current at the date of payment. The parties agree that in lieu of the cash payment specified above, covered employees will receive a bank of time which is equivalent to the annual sick leave payout that would be due at the end of calendar years 2011 and 2012. (For example, an employee who would ordinarily receive the maximum of 96 hours of excess sick leave paid in cash at 50% of his/her salary rate – the equivalent of 48 hours at full pay – will instead receive 48 hours of time off with pay).

The credited time will be deposited into a separate leave bank to be used in a manner similar to vacation time, or cashed out at the time of retirement. Any General Manager requesting exemption from this provision shall be required to submit a written request to the City Administrative Officer for evaluation and approval.

Retiree Health

10. The parties recognize that the cost of providing retiree health benefits to employees has escalated in past years and is expected to increase in the future. The parties also have a dispute as to whether retiree health benefit increases provided in the LAAC are a vested benefit. In order to resolve this dispute and to provide permanent and stable funding for the retiree health benefit, commencing on, and retroactive to, April 1, 2011, all covered employees shall contribute to LACERS two percent (2%) of their pre-tax compensation. On July 1, 2011, employees shall contribute an additional 2% of their pre-tax compensation for a total of 4% pre-tax contribution, above the pre-April 1, 2011, employee contribution rate.


11. In consideration of the contribution provided for in the preceding paragraph, each MOU subject to this Agreement shall be amended to include the following provision:

Retiree health benefits. There is currently in effect a retiree health benefit for employees under Chapter 11, Article 3 of the Los Angeles Administrative Code ("LAAC"). Commencing on the effective date of this MOU Amendment, the parties agree that the retiree health benefit available under this program is a vested benefit for bargaining unit members. Specifically, the parties agree that the current Maximum Medical Plan Premium Subsidy of \$1,190 per month, which represents the Kaiser two-party non-Medicare Part A and Part B premium, is vested. Additionally, the maximum amount of the annual increase authorized in LAAC Section 4.1103.1(a) and (b), shall be granted and is vested. The entitlement to retiree health benefits under this provision shall be subject to the rules under Division 4, Chapter 11 of the LAAC in effect as of the effective date of this provision.

The parties further agree that as a condition of vesting the Maximum Medical Plan Premium authorized by LAAC, the amount of employee contributions is subject to bargaining in future MOU negotiations.

The City shall adopt necessary amendments to the LAAC to effectuate the foregoing MOU provision.

The parties further agree that should any provision of Section 10 or 11 of this Agreement or any subsequent MOUs which incorporate these sections be enjoined, or declared invalid or unlawful by a court of competent jurisdiction, the Maximum Medical Plan Subsidy would revert to the provision of the LAAC in effect prior to the effective date of this Agreement. Additionally, the parties shall meet and confer to achieve equal cost savings.



Future Benefit Studies

12. The City agrees to study the following benefit items in time for potential inclusion in plan year 2012:

a. Retiree health benefit subsidy to workers awarded a disability retirement by LACERS equal to one-party coverage in the lowest cost plan.

b. Long-term disability coverage for all Flex Plan members at a benefit level of 60% of gross compensation up to a maximum of \$12,000 per month.

Miscellaneous

13. All other terms and conditions of the MOUs and the LOA, unless expressly modified by this Agreement or by subsequent MOU amendment, remain in full force and effect.

14. This Agreement is subject to membership ratification by each bargaining unit of the Coalition's member unions.

15. Upon membership ratification in accordance with the preceding paragraph, this Agreement and related MOU amendments shall be subject to adoption by the Los Angeles City Council ("Council").

16. The provisions of this Agreement shall be enforceable through the grievance and arbitration procedure as set forth in the Coalition MOUs.

For the Coalition of LA City Unions:

For the City of Los Angeles:

Cheryl Parisi, Executive Director
AFSCME District Council 36

Miguel A. Santana
City Administrative Officer

Julie Butcher
SEIU Local 721

Approved as to form:

Office of the City Attorney

Victor M. Gordo, Secretary-Treasurer
LIUNA, Local 777



Handwritten signatures and initials:
JLW
AMW
CP

Gavin Koon, Business Representative
IUOE, Local 501

Ron Miller, Council Representative
LA-OC Building and Construction Trades Council

Carlos Rubio
Teamsters Local 911

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