



IEDA

2200 Powell Street, Suite 1000, Emeryville, California 94608

September 19, 2013

Rockne A. Lucia, Jr.
Rains, Lucia & Stern
2300 Contra Costa Blvd., Suite 230
Pleasant Hill, CA 94523

Re: City of Vallejo and the Vallejo Police Officers Association

Dear Mr. Lucia:

I am enclosing the City's last best and final offer for settlement in the above negotiations. As you will see, the enclosed offer presents a number of changes from the City's April 16, 2013 proposal (our last "on the record" proposal). Of particular note, the City has dropped its proposal to reduce the number of holidays and the number of holiday hours for POA members, as well as its proposal to eliminate Education Incentive for current members and enhanced its proposal regarding the employer contribution to active employees' health and welfare payments.

The improvements in the City's proposal reflect the discussions of the parties over the past year, as well as improvements in the City's financial condition during that period. This proposal achieves less in savings during FY 2013-14 from current VPOA bargaining unit members than previous proposals, but maintains similar reductions to those agreed to by other bargaining units over the past few years.

Despite the substantial movement in the City's LBFO, we have no illusions that this proposal will result in an agreement. The VPOA made it clear in its last offer on July 18, 2013 that it believes "The VPOA specifically notes that each member hired prior to the effective date of an agreement, including retired members, maintains a vested right to his/her retirement medical benefit. Nothing in this proposal shall be interpreted to constitute a waiver of such members' individual vested rights." As we have communicated to you, the City does not believe that a vested benefit exists today for VPOA members. Moreover, having recently exited the Chapter 9 bankruptcy process, the city will not consent to any language which would establish a long term, unrestricted, unknown growth of an employee or retiree benefit.

Based on the foregoing, the City believes that the parties are now at impasse. While we remain open to a counterproposal from the VPOA which breaks that impasse, the parties have been very frank in their needs over the past few months and we remain significantly apart.

Please let me know if you have any questions. While we believe that we are at impasse, the City remains interested in reaching a settlement with VPOA, so please let me know if you would like to schedule a meeting to discuss the impasse.

Sincerely,


Austris Rungis