Pursuant to City Charter section 1201(i), the City Manager has advised the City Council that the City of Stockton is experiencing extraordinary tax revenue shortfalls due, among other things, to the depressed economy, faltering housing market, and the State of California's budget crisis.

Because of the extraordinary fiscal challenges the City faces, the General Fund expenditures need to be reduced substantially, and accordingly, immediate reductions in the outflow of City resources related to employee costs are necessary.

The City Manager's Executive Team has met and formulated several recommendations and options for the City Council to consider to effect budget reductions and eliminate or mitigate the current financial crisis, including, but not limited to, implementing a Voluntary Separation Program (the "VSP").

The Employee Relations Officer has met with all recognized employee organizations to explain the Voluntary Separation Program and has obtained agreement from each of them on behalf of their members; now, therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF STOCKTON, AS FOLLOWS:

1. The Voluntary Separation Program, as explained in the documents attached hereto as Exhibit A and made a part hereof by this reference, is hereby adopted and the City Manager is authorized to implement the Voluntary Separation Program and approve applications.

2. The City Manager is authorized to appropriate $3.2 million from the Retirement Fund 561 Fund Balance to pay the incentive cost of the Voluntary Separation Program, and disburse funds up to that amount in incentive pay to employees participating in the program in accordance with the terms of the program as explained in Exhibit A.

3. The City Manager is also authorized to take such other actions as are appropriate to carry out the intent of this Resolution.

PASSED, APPROVED and ADOPTED OCT 2 8 2008

EDWARD J. CHAVEZ, Mayor
of the City of Stockton

KATHERINE GONG MEISSNER
City Clerk of the City of Stockton

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The following rules and procedures shall govern the application and implementation of the Voluntary Separation Program:

1. Information will be distributed and available on the City Intranet by September 1, 2008.

2. The Human Resources Department is designated to administer the Program.

3. The window for participation is September 1, 2008 to and including October 15, 2008.

4. Regular and at-will, full time employees are eligible to participate in the Voluntary Separation Program (VSP).

5. Employees may request to participate by submitting a completed Employee Request Form to Human Resources. **Applications must be received by 5:00 PM, October 15, 2008.**

6. The severance benefit shall be calculated based on full-time continuous City service rounded to the nearest year, times the weekly base salary up to a maximum of fifty thousand dollars ($50,000).

7. Any payment under the Program shall not be included as compensation for purposes of PERS. The severance payment may be applied to deferred compensation, up to the maximum allowable.

8. Employees who are approved for VSP must separate City employment no later than December 31, 2008.

9. The City Council is the final authority in selecting participants. The Human Resources Department will notify applicants of the approval or denial of their requests on November 5, 2008, calculate the years of service, salary and severance benefit applicable, and notify Payroll of the benefit due the employee and the date it is to be paid.

10. The Human Resources Department will have the employee sign the necessary agreement, waiver and release forms. Employees have seven (7) calendar days from the date the Agreement is signed to rescind.

11. Employees who accept severance pay shall not be eligible for unemployment insurance, are not eligible for reinstatement rights, and waive their reemployment rights with the City.

12. Upon acceptance of the severance payment offer, the employee agrees to sever any and all rights to City employment, including but not limited to, seniority, layoff, bumping, reinstatement rights, and/or reemployment rights and any appeal rights to any loss of property rights. This severance and waiver shall be effective upon receipt and acceptance of the severance payment.
VOLUNTARY SEPARATION
PROGRAM

Information will be distributed and available on the City Intranet by September 1, 2008.

About the Program

The Human Resources Department is designated to administer the program. Participation is voluntary for regular and at-will, full-time employees.

The window for participation is September 1, 2008 to and including October 15, 2008.

Voluntary Separation Program

Application Period
September 1, 2008 — October 15, 2008

Human Resources Department
22 E. Weber Avenue, Suite 150
Stockton, CA 95202
Voluntary Separation Program

Due to declining revenues and the need to reduce expenditures, the City of Stockton is exploring the concept of implementing a Voluntary Separation Program. The purpose of this program is to reduce employment costs by offering an incentive for employees to separate from City employment. Details of the program are:

- Employees may request to participate by submitting a completed Employee Request Form to Human Resources by 5:00 PM on Wednesday, October 15, 2008.

- The severance benefit shall be calculated based on full-time continuous City service, rounded to the nearest year, times the weekly base salary, up to a maximum of fifty thousand dollars ($50,000).

- Any payment under the Program shall not be included as compensation for purposes of PERS. A portion of the severance payment may be applied to your deferred compensation up to the maximum allowable.

- Employees who are approved for Voluntary Separation Program must terminate City employment no later than December 31, 2008.

- The City Council is the final authority in selecting participants. The Human Resources Department will notify applicants of the approval or denial of their requests, calculate the years of service, salary, and severance benefit available, and notify Payroll of the benefit due the employee.

- Payment of the severance will be made after the effective date of agreement and within thirty (30) days of separation from City service.

- Employees who accept severance pay shall not be eligible for unemployment insurance, are not eligible for reinstatement rights, and waive reemployment rights with the City.

- Employees have seven (7) calendar days from the date the Agreement is signed to rescind.

- The Voluntary Separation Program will be implemented only if determined to be in the fiscal interests of the City based on participation.

- Decisions will be made and employees will be notified by Wednesday, November 5, 2008.

Contacts:

Voluntary Separation Program:

- Tami Matuska, Supervising Human Resources Analyst, (209) 937-8865, tami.matuska@ci.stockton.ca.us
- Trena Meyer, Benefits Analyst, (209) 937-8507, trena.meyer@ci.stockton.ca.us

Deferred Compensation:

- Sheri Dentone, Deferred Compensation Specialist, (209) 937-8875, sheridentone@ci.stockton.ca.us