

**SIDE LETTER BETWEEN CITY OF SAN PABLO AND
THE SAN PABLO POLICE EMPLOYEES' ASSOCIATION (SPPEA) MANAGEMENT UNIT**

This side letter is by and between City of San Pablo ("City") and the San Pablo Police Employees' Association (Management Unit) ("SPPEA" or "Association") (collectively referred to as the "parties").

WHEREAS, the City and Association entered a Memorandum of Understanding (MOU) effective July 1, 2017 – June 30, 2021;

WHEREAS, as a result of the COVID-19 pandemic, shelter-in-place orders, social distancing requirements, temporary closure of Casino San Pablo, and the resulting economic impacts, the City has projected a catastrophic loss of City revenue in Fiscal Years (FY) 2019/20 and 2020/21;

WHEREAS, the City and the Association have agreed to reopen their 2017-2021 MOU in order to make agreed upon, temporary reductions in labor costs as part of a multi-pronged approach to close a projected \$10M budget gap for FY 2020/21.

NOW THEREFORE, in order to achieve such temporary reductions in labor costs, the parties agree to amend the SPPEA (Management Unit) 2017-2021 MOU between the parties.

1. The parties agree to the following MOU changes:

SECTION 4. SALARIES

4.2 Salaries

All classifications listed in Section 1, herein, shall receive salary increases as follows:

Contingent upon Association ratification and City Council approval of the Tentative Agreement for a successor MOU by July 3, 2017, effective July 1, 2017, salary schedule for Police Commanders shall be increased by three and eighty nine one hundredths percent (3.89%) in order to bring the salary schedule to five percent (5%) below the median of comparable cities, according to the City's total compensation survey as prepared by Bryce & Associates, dated March 2017. Any cost of living adjustment will be applied after the equity adjustment has been applied.

Contingent upon Association ratification and City Council approval of the Tentative Agreement for a successor MOU by July 3, 2017, effective July 1, 2017, there will be a three percent (3%) Cost of Living Adjustment for all classifications represented by the bargaining unit,

Effective July 1, 2018, there will be a three percent (3%) Cost of Living Adjustment for all classifications represented by the bargaining unit,

Effective July 1, 2019, there will be a three percent (3%) Cost of Living Adjustment for all

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classifications represented by the bargaining unit,

~~Effective July 1, 2020, there will be a three percent (3%) Cost of Living Adjustment for all classifications represented by the bargaining unit. The three percent (3%) Cost of Living Adjustment for all classifications represented by the bargaining unit scheduled for implementation on July 1, 2020 will be deferred to and implemented on July 1, 2021.~~

In recognition of recruitment and retention challenges faced by the City as evidenced by the current vacancy rate, sworn police personnel shall receive additional salary increases, as follows:

Contingent upon Association ratification and City Council approval of the Tentative Agreement for a successor MOU by July 3, 2017, effective July 1, 2017, there will be a one-half percent (0.5%) salary increase,

Effective July 1, 2018, there will be a one-half percent (0.5%) salary increase,

Effective July 1, 2019, there will be a one-half percent (0.5%) salary increase,

~~Effective July 1, 2020, there will be a one-half percent (0.5%) salary increase. The half percent (0.5%) salary increase for all sworn police personnel scheduled for implementation on July 1, 2020 will be deferred to and implemented on July 1, 2021.~~

SECTION 8. RETIREMENT

8.1 Safety Employee Pension:

A. Safety Tier One Pension

- (1) Formula: The City shall provide the full formula of three percent (3%) at age 50 Retirement Plan calculated on the single highest year for local safety members considered "classic" members of CalPERS.
- (2) Member Contribution: Safety employees in Tier One Pension shall pay the statutory member contribution required by CalPERS, in addition to the cost share requirement described below.
- (3) Employee Cost Sharing: Safety employees in Tier One Pension are required to pay three and three-tenths percent (3.3%) of reportable compensation toward the employer contribution for pension in accordance with Government Code Section 20516(a)-Employees Sharing Cost of Additional Benefits. In addition to the statutory member contribution and the 3.3% employee cost sharing for safety employees in Tier One Pension, described above, beginning July 1, 2020 and ending June 30, 2021, Safety Tier One Pension employees will pay an additional two percent (2%) toward the City's pension contribution in

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accordance with Government Code section 20516(f).

B. Safety Tier Two Pension

- (1) Formula: For safety employees who are "new members" as defined by Government Code Section 7522.02(f) the City will provide the CalPERS two percent (2%) at age 50 increasing to two and seven-tenths percent (2.7%) at age 57 retirement formula in accordance with Government Code Section 7522.25(d), based on the average of three highest, consecutive years, in accordance with Government Code Section 7522.32.
- (2) Member Contribution: Safety employees in Tier Two pension shall pay member contributions to the Public Employees' Retirement System in the amount required by the Public Employee Pension Reform Act (PEPRA), which amount is at least one-half of the total normal costs within the meaning of PEPRA.
- (3) Employee Cost Sharing: In addition to the statutory member contribution described above, beginning July 1, 2020 and ending June 30, 2021, Safety Tier Two Pension employees will pay an additional two percent (2%) toward the City's pension contribution in accordance with Government Code section 20516(f).

C. Survivor Benefits

The City shall provide the Third Level of 1959 Survivor's Benefit for Safety Tier One and Tier Two employees, a benefit for survivors of the employee who is actively employed at the time of death.

SECTION 14. UNIFORMS

14.1 All uniformed personnel shall be provided, on date of hire, an initial uniform consisting of five (5) pairs of pants, five (5) shirts, one (1) tie, one (1) hat and one (1) foul-weather jacket; except that beginning July 1, 2020 and ending June 30, 2021, as a temporary cost saving measure, all uniformed personnel shall be provided, on date of hire, an initial uniform consisting of three (3) pairs of pants, three (3) shirts, one (1) tie, one (1) hat and one (1) foul-weather jacket. Thereafter, the City shall provide uniform cleaning on an as-needed basis. The initial uniform and allocation may be modified by a change in dress code or uniform standards.

14.2 The City agrees to replace uniforms and uniform equipment for Sworn Employees which is worn out, damaged or stolen during duty hours or while stored at a City facility - providing that the employee made a reasonable effort to safeguard the uniform or

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equipment. Such replacement shall be within thirty (30) days of submission of the claim and related required reports to the Department. As a temporary cost saving measure, beginning July 1, 2020 and ending June 30, 2021, uniform replacement will be limited to only that which is absolutely necessary, as determined by the Chief or designee, in order to assist in achieving a budget savings of \$54,455 in the fiscal year.

SECTION 23. TERM OF AGREEMENT

- 23.1** This Memorandum of Understanding shall be effective except for any provisions of this Memorandum of Understanding which have been assigned other effective dates as hereinabove set forth, and shall remain in full force and effect to and including June 30, 2021. No later than March 20, 2021, the Association may exercise the right to extend this MOU in full force and effect to and including June 30, 2022. In the event the Association does not exercise the right to extend the MOU, it will expire June 30, 2021.
- 23.2** This Memorandum of Understanding shall be extended on a month-to-month basis pending a new Memorandum of Understanding.
- 23.3** During the term of this Memorandum of Understanding, City agrees that it will not lock out employees and Association agrees that it will not engage in, encourage or approve any strike, slow-down or other work stoppage growing out of any dispute relating to the terms of this Memorandum of Understanding, recognizing with City that all matters of controversy within the scope of this Memorandum of Understanding shall be settled by established Grievance procedures. If there is a strike, slow-down or work stoppage, the employees who engage in such activity shall be subject to discipline up to and including discharge. The City may seek such remedies are available under the Law.
2. During the period beginning July 1, 2020 and ending June 30, 2021, there will be no layoffs of employees represented by the SPPEA Management bargaining unit.
3. The City and SPPEA will meet in the second half of September 2020 to discuss a preliminary budget update.

If, as determined by the final audited financial statements for FY 2019/20, the City does not use its entire Budget Stabilization Reserve in FY 2019/20, including due to receiving revenue from Casino San Pablo in excess of five hundred thousand dollars (\$500,000) for the operational period between June 15, 2020 and June 30, 2020, the City will apply Budget Stabilization Reserve funds to offset the FY 2020/21 deficit. Based on the Budget Stabilization Reserve funds applied to the FY 2020/21 deficit in excess of five hundred thousand dollars (\$500,000), the City will correspondingly reduce concessions by a

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proportionate amount for all represented and unrepresented employee groups that have participated in labor concessions. The SPPEA labor costs (police and management units combined) represent 60.7% of labor costs in the City; and therefore 60.7% of the Budget Stabilization Reserve funds available in FY 2020/21 will be used to reduce/eliminate concessions for employees in the SPPEA Police and Management units.

As permitted based on Budget Stabilization Reserve fund amounts carried into FY 2020/21 starting January 2021, on a prospective basis, concessions may be reduced/eliminated in the following order:

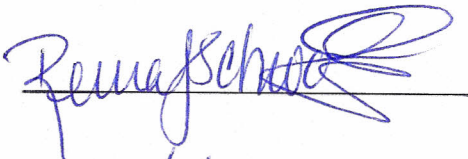
- 2% additional cost share under 20516(f)
- 3% COLA
- 0.5% Recruitment Retention Adjustment
- Uniform Replacement

If, in January 2021, the City determines that based on the FY 2019/20 final audited financial statements, there are Budget Stabilization Reserve Funds available in FY 2020/21 in excess of \$500,000, and SPPEA's proportionate amount (60.7%) is greater than the cost of prospectively restoring concessions for the SPPEA police and management bargaining units between January and June 2021, the City will pay the balance, up to the amount of concessions already made between July and December 2020, in the form of one time payments to individual, current employees in the SPPEA police and management bargaining units. The one-time payments will only be made to those individual employees whose balance due exceeds one hundred dollars (\$100).

This side letter agreement is tentative subject to the ratification of the bargaining unit and adoption by the City Council of San Pablo.

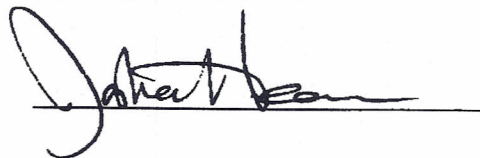
SO AGREED:

FOR THE CITY



Date: 7/1/2020

FOR THE ASSOCIATION



Date: 7/1/20