

**SIDE LETTER BETWEEN CITY OF SAN PABLO AND
THE SAN PABLO ASSOCIATION OF INTERMEDIATE EMPLOYEES (AIE)**

This side letter is by and between City of San Pablo ("City") and the Association of Intermediate Employees ("AIE" 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 effective July 1, 2020 through June 30, 2021, as part of a multi-pronged approach to close a projected \$10M budget gap for FY 2020/21;

WHEREAS, the City and the Association have agreed that by reopening their 2017-2021 MOU to make temporary reductions in labor costs effective July 1st, 2020 through June 30, 2021, layoff of any classification within the AIE bargaining unit will be avoided in FY 20/21.

NOW THEREFORE, in order to achieve such temporary reductions in labor costs, the parties agree to amend the AIE 2017-2021 MOU between the parties.

1. The parties agree to the following MOU changes:

SECTION 6. SALARIES

6.1 General Increases

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 two and one-half percent (2.5%) Cost of Living Adjustment for all classifications represented by the bargaining unit.

Effective July 1, 2018, there will be a two and one-half percent (2.5%) Cost of Living Adjustment for all classifications represented by the bargaining unit.

Effective July 1, 2019, there will be a two and one-half percent (2.5%) Cost of Living Adjustment for all classifications represented by the bargaining unit.

~~Effective July 1, 2020, there will be a two and one-half percent (2.5%) Cost of Living Adjustment for all classifications represented by the bargaining unit.~~ Effective July 1, 2020, there will be a one-half percent (0.5%) Cost of Living Adjustment for all classifications represented by the bargaining unit. Two percent (2%) of the original two and one-half

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percent (2.5%) Cost of Living Adjustment for all classifications represented by the bargaining unit scheduled for implementation on July 1, 2020 will be deferred and implemented on July 1, 2021.

6.3 Salary Step Increases:

Supervisors shall complete evaluations within ninety (90) days of the employee's review date. Evaluations completed within the ninety (90) day period must rate the performance of the employee and, for employees eligible for a salary step increase, state that the employee's performance has or has not merited such an increase. If the increase is merited, the pay adjustment shall be retroactive to the review date. There shall be no increase if the evaluation does not recommend an increase.

Contingent upon Association ratification and City Council approval of the Tentative Agreement for a successor MOU by July 3, 2017, effective July 1, 2017, an additional "Step F," which shall be approximately two and one half percent (2.5%) above "Step E," shall be added to the salary schedule for all classifications represented by the bargaining unit.

Effective July 1, 2020, salary step increases will be frozen for one year, through June 30, 2021, during which time no employees will receive step increases. Performance evaluations are not suspended, and will continue as originally scheduled during this time. Employees shall resume eligibility for step increases on an employee's step increase eligibility date falling on or after July 1, 2021, at which time each employee will be eligible to advance to the step they would have advanced to had steps not been frozen in FY 2020/21, subject to the terms of City step increase rules.

SECTION 8. HOURS OF WORK

8.2 Hours of Work

Full-time employees may be assigned to one of the following, normal work schedules:

- A. 8/75 Work Schedule: Employees assigned to an 8/75 Work Schedule shall work four (4), nine and one-half (9.5) hour workdays, Monday through Thursday. Employees will take an additional half-hour for their lunch period on one day per workweek to result in an average of 9.375 hours per workday, and thirty-seven and one-half (37.5) hours per workweek. Employees will have every Friday as a day off. The additional seven and one-half (7.5) minutes of work each day (the difference between nine and one half (9.5) hours actually worked per day and the average hours per day of 9.375) shall not be treated as overtime for FLSA Non-Exempt members subject to overtime.
- B. 9/75 Work Schedule: Employees assigned to a 9/75 Work Schedule shall work a two-workweek schedule of nine (9), eight and one third (8.33) hour workdays in a two week period, with the same alternating regular day off every two-week

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period.

- C. 10/75 Work Schedule: Employees assigned to a thirty-seven and one-half (37.5) hour Work Schedule shall work Five (5), seven and one half (7.5) hour workdays per week.
- D. Actual work schedule may be adjusted to the benefit of public service and contingent upon City Manager approval. While an employee may request a particular work schedule, final assignment is subject to the needs of the City and requires supervisor approval.
- E. For employees in FLSA exempt classifications assigned to a 8/75 or 9/75 work schedule, if an employee is scheduled to work on a City-planned event or to attend a work-related activity or training on a regularly scheduled day off, the day off may be taken on a different day other than that day subject to operational requirements, so long as leave is taken within the same pay period and upon the Department Head or Division Manager's approval. Fridays off cannot be accumulated to have several consecutive days off at one time.

An FLSA non-exempt employee and the employee's direct supervisor may mutually agree to a change in an employee's regular work schedule that is not permanent or ongoing in order to adjust for an unplanned short-notice or sporadic event. This change may include modifying normal work start and end times or allowing work missed on one day to be made up on another within the same workweek as defined in Section 8.1 of this agreement. Such a change shall not result in overtime for employees in FLSA non-exempt job classifications.

Such temporary changes in work hours shall occur only as long as the operational needs of the department are satisfied and to discontinue such arrangements when deemed necessary. If the employee and supervisor do not mutually agree to a flex schedule, and additional work is required of the employee outside of the employee's regular work schedule, the work shall be paid in accordance with applicable overtime provisions of this MOU.

- F. Furloughs: In Fiscal Year 2020/21, employees will take thirty-seven and one half (37.5) hours of unpaid furlough. To achieve 37.5 furlough hours, employees on 8/75, 9/75 and 10/75 work schedules will take the following number of furlough days:

<u>Schedule</u>	<u>Amount of Furlough Days</u>
<u>8/75</u>	<u>4 days/year (9.375 hrs per day)</u>
<u>9/75</u>	<u>4.5 days/year (8.33 hrs per day)</u>
<u>10/75</u>	<u>5 days/year (7.5 hrs per day)</u>

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Employees will be required to take at least one half (1/2) of the thirty-seven and a half (37.5) hours of furloughs in the following weeks:

1. The workweek that includes the Labor Day holiday
2. The workweek that includes the Columbus Day holiday
3. The workweek that includes the Veteran's Day holiday
4. The workweek that includes the Thanksgiving Day holiday
5. The workweek that includes the Christmas Day holiday

Employees will be required to take the remaining portion of their thirty-seven and a half (37.5) hours of furloughs in the following weeks:

6. The workweek that includes the New Year's Day holiday
7. The workweek that includes the Martin Luther King Jr. holiday
8. The workweek that includes the President's Day holiday
9. The workweek that includes the Memorial Day holiday.

With the exception of the half-day furlough required of the employees on the 9/75 work schedule, furloughs must be taken in full day increments. The employee is responsible to schedule each furlough day before the start of each above-listed week, subject to advance supervisor approval. Failure to schedule the furlough day in advance of each above-listed week will result in the supervisor scheduling the furlough on the employee's behalf.

Employees will not be permitted to use accrued, paid leave on a designated furlough day.

FLSA exempt employees will be converted to non-exempt status in each workweek containing an unpaid furlough. Such employees who work more than forty (40) hours in the applicable workweek will receive overtime compensation of one and one half (1-1/2) of the employee's regular hourly rate of pay for each hour of FLSA overtime worked. All overtime work in excess of forty (40) hours in an applicable workweek by such employees must be pre-approved by the City Manager or designee. The City reserves the right to restrict the work of such employees to forty (40) hours within the applicable workweek.

Any employee (FLSA non-exempt or exempt) who works overtime in a workweek containing a furlough without advance approval of the City Manager will be subject to discipline up to and including termination.

SECTION 29. TERM OF AGREEMENT

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This Memorandum of Understanding shall become effective. July 1, 2017 through 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.

2. During the period beginning July 1, 2020 and ending June 30, 2021, there will be no layoffs of employees represented by the AIE bargaining unit.
3. During the COVID-19 pandemic while social distancing is required, the City will continue to allow eligible employees to telework with the approval of the employee's manager, and in accordance with the City's temporary Telework Policy and Guidelines. The parties acknowledge that this arrangement is temporary and that the City's Telework Policy is not a permanent policy.
4. The City and AIE will meet in the second half of September 2020 to discuss a preliminary budget update.

Upon receipt of the City's final audited financial statements for FY 2019/20 (anticipated in December 2020), the City and AIE will meet to discuss a 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 proportionate amount for all represented and unrepresented employee groups that have participated in labor concessions. The AIE labor costs represent 9.7% of labor costs in the City; and therefore 9.7% of the Budget Stabilization Reserve funds available in FY 2020/21 will be used to reduce/eliminate concessions for employees in the AIE bargaining 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:

- Furloughs in the week(s) of New Year's Day, Martin Luther King Jr.'s Day, President's Day and/or Memorial Day will be eliminated;
- The period of time that step increases are frozen will be reduced from one (1) year to six (6) months;
- The period of time that 2% of the 2.5% COLA is deferred will be reduced from one (1) year to six (6) months.

If, in January 2021, the City determines that based on the FY 2019/20 final audited

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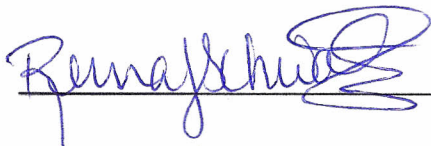
financial statements, there are Budget Stabilization Reserve Funds available in FY 2020/21 in excess of \$500,000, and AIE's proportionate amount (9.7%) is greater than the cost of prospectively restoring concessions for the AIE bargaining unit between January and June 2021, the City will pay the balance, up to the amount of concessions already made between July and December 2020 minus the value of the first 18.75 hours of furloughs, in the form of one-time payments to individual, current employees in the AIE bargaining unit. The one-time payments will only be made to those individual employees whose balance due exceeds one hundred dollars (\$100).

5. If, during FY 2020/21, a vacancy in the AIE bargaining units occurs, the City may consider, at its sole discretion, leaving the position vacant for the remainder of the fiscal year or longer. The City may further consider, at its sole discretion, after listening to input from AIE, using the resulting savings from the vacant position to reduce AIE employee concessions described in this agreement, on a prospective basis. However, such funds would not be used for lump sum payments described in number 4 of this agreement.

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:

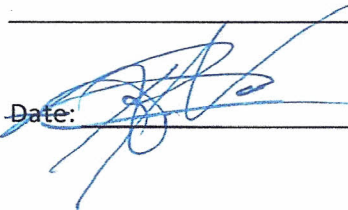
FOR THE CITY



Date: 7/1/2020

FOR THE ASSOCIATION

 7/1/2020

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