



**Side Letter of Agreement**  
**September 1, 2004 – August 31, 2009**  
**Memorandum of Understanding**  
**between the**  
**Costa Mesa City Employees' Association (CMCEA)**  
**and the City of Costa Mesa**

This side letter agreement ("Letter") is entered into by and between the City of Costa Mesa ("City") and the Costa Mesa City Employees Association ("CMCEA"). As part of the City's Budget Development Strategies to balance the City's current 2009-2010 Operating Budget, it was necessary to obtain the concurrence of CMCEA to agree to concessions. The City and CMCEA have met and conferred in good faith and agree that the current September 1, 2004 – August 31, 2009 CMCEA Memorandum of Understanding ("MOU") shall be amended as follows:

**I. Article 2 – Term of Agreement:**

The City and CMCEA agree to extend the current MOU for an additional year. The new expiration date of the MOU will be August 31, 2010.

**II. 5% Salary Reduction:**

CMCEA agrees to the equivalent of a 5% reduction in salary through a Mandatory Furlough Program effective August 2, 2009 and ending August 28, 2010. The Mandatory Furlough Program will provide for a 5% reduction in work hours (104 hours per year) with a commensurate reduction in payment for the hours not worked. The Mandatory Furlough Program Guidelines are attached as Exhibit A.

**III. Article 6 - Retirement:**

The City agrees to offer the "2-Years Additional Service Credit" optional benefit.

**IV. Article 7.6 – Retired Employees' Medical Program:**

The City and CMCEA agree to the suspension of the VantageCare RHS (Post Retirement Health) Plan and suspension of both the one percent (1%) contribution from employees and the one percent (1%) match deposited by the City on behalf of each full-time employee. Plan contributions will be suspended for 26 pay periods.

**V. Article 8.2 – Vacations:**

Effective, August 2, 2009 through August 28, 2010, the City agrees to temporarily amend the existing vacation policy as follows:

The maximum levels as established in the current 2004 – 2009 MOU are as follows:

<u>Years of Service</u>	<u>Maximum Accrual</u>
1-2	184.0
3-4	232.0
5-9	280.0
10-14	328.0
15-19	376.0
20+	424.0

Upon reaching the maximum level, the biweekly accrual of vacation leave hours will be placed in the employee's Secondary Vacation Leave Bank. The maximum levels for the Secondary Vacation Leave Bank will be established at 104 hours. Once the maximum accrual in the Secondary Vacation Leave Bank is reached, the employee will stop accruing additional vacation leave.

If an employee has a Secondary Vacation Leave Bank, hours in that bank will be used first. Effective August 30, 2010, employees will no longer accrue vacation leave beyond the maximum level as established in the 2007 – 2009 MOU. It is the responsibility of the employee to manage accrued vacation time off to not exceed the cap or maximum amount allowed. If after August 30, 2010 an employee still has a Secondary Vacation Leave Bank balance, the employee will still be required to use hours in the secondary bank first.

**VI. Article 5.9 – Class A and B License Incentive Pay**

The City agrees to implement the previously agreed to provision regarding Class A and B License Incentive Pay. Effective August 2, 2009, eligible employees assigned to positions requiring daily operation of equipment requiring a valid Class A/B California Driver's License shall receive an annual \$700 incentive bonus, subject to the following eligibility criteria:

- A. Eligibility – The employee must meet all of the following in order to be eligible for the annual bonus incentive:
- Employee must be assigned to a position requiring daily operation of equipment requiring a valid Class A/B California Driver's License
  - As a condition of employment, employee must obtain and maintain the required California Driver's license and endorsements (airbrakes, tanker, and manual transmission)

- Employee must have a rating of “meets standards” or higher on the employee’s most recent annual performance evaluation
  - Employee must have successfully completed probation
  - Employee must have successfully passed the DMV medical examination
- B. Payment of Annual Incentive – Upon implementation, each eligible employee shall receive a pro-rated incentive based upon the number of pay periods between August 2, 2009 and the employee’s anniversary date subject to satisfactory performance and recommendation from the employee’s supervisor. In following years, eligible employees shall receive this annual incentive bonus on their respective anniversary date. Employees must receive a rating of “meets standards” or higher on their most recent annual performance evaluation and submit a copy of their current Class A/B California Driver’s License and current DMV medical certification prior to receipt of the bonus. The amount of the annual bonus will be reported to CalPERS as “compensation earnable”.
- C. Lapse of License – Any eligible employees assigned to positions requiring daily operation of equipment requiring a valid Class A/B California Driver’s License who allow their Class A/B California’s Driver’s Licenses to lapse may be subject to discipline up to and including termination. Any annual incentive bonus to be paid on their next anniversary date will be reduced on a prorated basis.
- D. DOT Drug and Alcohol Testing Regulations – Eligible employees assigned to positions requiring daily operation of equipment requiring a valid Class A/B California Driver’s License will be subject to the DOT Drug and Alcohol Testing Regulations and the City’s Drug & Alcohol Policy adopted pursuant to the DOT Regulations.
- E. License and DMV Physical Fees – Any employees who successfully renew their Class A/B California Driver’s Licenses or acquire a new license upon starting a new assignment requiring a Class A/B California Driver’s License shall, upon submission of a receipt by the employee, be reimbursed by the City for the difference in fee charged by the DMV between such license and a Class C Driver’s license. The cost of the DMV physical/medical exam will be scheduled and paid by the City, provided such exam is performed by the City’s designated provider/physician.

**VII. “Me Too” Clause:**

The City will make all reasonable efforts to establish and implement equivalent cost-savings methods with all represented Associations with respect to the 5% salary reduction. The City and CMCEA agree that specific methods for cost-savings may differ depending upon each Association. In the event that any represented Association agrees to alternative salary reduction solutions, the parties agree to re-open this agreement for further negotiations.

**VIII. MOU Provisions:**

All remaining MOU provisions remain in effect.

REPRESENTATIVES OF THE CITY OF COSTA MESA



STEPHEN N. MANDOKI  
Administrative Services Director



BOBBY YOUNG  
Budget & Research Officer

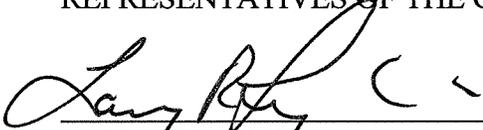


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KASAMA LEE  
Principal Human Resources Analyst

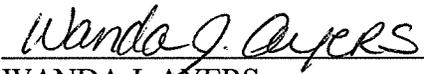
REPRESENTATIVES OF THE COSTA MESA CITY EMPLOYEES ASSOCIATION



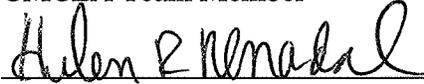
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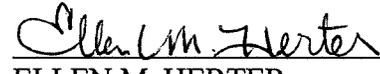
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DEAN P. RODIA  
CMCEA Team Member

## EXHIBIT A

### **Mandatory Furlough Program Guidelines Costa Mesa City Employees Association**

The Costa Mesa City Employees Association agrees to the equivalent of a five percent (5%) reduction in salaries through a Mandatory Furlough Program. The Mandatory Furlough Program will provide for a five percent (5%) reduction in work hours (104 hours per year) with a commensurate reduction in payment for the hours not worked.

- I. **Effective Dates of Program** – The Mandatory Furlough Program will be effective August 2, 2009 – August 28, 2010 unless otherwise specified in these guidelines.
  
- II. **Usage of Furlough Leave** – Employees must utilize a minimum of 26 hours of furlough leave by November 30, 2009, a cumulative total of 52 hours of furlough leave by February 28, 2010, a cumulative total of 78 hours of furlough leave by May 31, 2010 and a total of 104 hours of furlough leave by August 28, 2010. Employees may not use more than 40 consecutive hours within a three week period. It is the employee's responsibility to monitor their furlough leave bank to ensure they use all of their leave time during the assigned time period. When an employee submits a timely furlough leave request and the Supervisor and/or the Department Director must deny it due to the operational needs of the City and/or Department and the employee is unable to schedule alternative hours off prior to August 28, 2010, an exception may be granted by the Department Director with a written explanation from the employee's supervisor and advance approval from the City Manager. If such an exception is granted, employee will be allowed additional time to utilize the remainder of their 104 furlough leave hours, but no later than December 19, 2010.
  
- III. **Scheduling of Furlough Leave** – Procedures for requesting and scheduling furlough leave will be determined by the Department Director. Every effort will be made to accommodate the employee's request. However, it is recognized that business operations of the City have priority. Should a request for furlough leave be denied and the employee disagrees with the reasons for denial, the employee may submit a written petition to the Department Director or designee for a final decision on the matter. The Department Director or designee shall respond to any such petition within five (5) business days of receiving the petition, and the Department Director or designee's decision shall be final. It is agreed by CMCEA and the City that the grievance procedure shall not apply to disputes concerning furlough leave. At no time, will a furlough leave request be approved, if such approval would result in staffing levels dropping below the minimum. Once a furlough leave request has been approved, it may not be cancelled unless there is an emergency situation or upon mutual agreement by management and the employee. Management reserves the right to assign employees to take their leave time if it is necessary to prevent a potential negative impact on Departmental operations.
  
- IV. **Alternative Work Week Schedules** – Alternative work week schedules will continue to be honored subject to operational need. Managers and supervisors will review alternative work week schedules and furlough days on a case-by-case basis to determine the impact on operations and if necessary will work individually with their employees to come up with alternatives to their current work schedules.

- V. **Retirement** – In most cases, unpaid furlough leave will not affect an employee's CalPERS service credit. Employees must be paid 1,720 hours within a year to earn one full year of service credit. Furlough leave would not change the payrate that is reported to CalPERS. However, it can reduce special compensation that is paid as a factor of earnings. Therefore, in some cases, final compensation could be reduced, but only for members with earnings based special compensation whose highest 12 month period at retirement includes furlough leave.
- VI. **Cafeteria Plan Benefits** – Employees shall receive continued medical, dental, vision, life insurance and other cafeteria plan benefits including the City's flex contribution. Employees will be responsible for the same employee contributions. If an employee's check for a pay period which includes furlough leave is not sufficient to cover a particular deduction in its entirety, the deduction will not be taken from that check, but will be deducted from the following paycheck.
- VII. **Furlough Leave as Hours Worked** – Furlough leave will be counted as hours worked for the purposes of calculating overtime, earning and computing paid leave accrual, completion of probationary period, promotion eligibility, computing seniority and step increase eligibility. Furlough leave will not be considered hours worked for other forms of compensation.
- VIII. **New Employees** – Employees hired after August 2, 2009 will be required to participate in the Mandatory Furlough Program. The amount of furlough leave hours required will be prorated based on four (4) hours for each pay period remaining through August 28, 2010 to a maximum of 104 hours.
- IX. **Separating Employees** – Employees who separate employment from the City prior to August 28, 2010 will have the number of required furlough leave hours prorated. The amount of furlough leave hours required will be prorated based on four (4) hours for each pay period worked since August 2, 2009 to a maximum of 104 hours. Employees who have not met the prorated required hours must schedule the remaining furlough leave hours prior to their separation from employment.
- X. **Employees on Unpaid Leaves of Absences** – Employees on approved unpaid leaves of absences (excluding suspensions for disciplinary purposes) may run their furlough leave concurrently with their leave of absence.
- XI. **Employees on Medical, Military, or Administrative Leaves of Absences** – Employees on medical leaves (FMLA, PDL, CFRA or leaves due to work related injuries), military leave, or administrative leave will be required to participate in the Mandatory Furlough Program upon returning to work. The deadline to utilize furlough leave hours will be extended by the equivalent amount of time the employee was on leave since August 2, 2009, but no longer than one year. For example, if an employee is out on leave for five months, he/she will be required to utilize 104 hours of furlough leave by January 31, 2011.