

SIDE LETTER OF AGREEMENT

CITY OF COSTA

AND

THE COSTA MESA CITY EMPLOYEES ASSOCIATION

This Side Letter of Agreement (Agreement) between the City of Costa Mesa (City) and the Costa Mesa City Employees Association (Association) (collectively "Parties") is entered into with respect to the following:

WHEREAS, the Parties are currently parties to a Memorandum of Understanding (MOU) with a term that expires on June 30, 2020; and

WHEREAS, as a result of the impacts of COVID-19 on the City, the Parties have met and conferred for the purpose of achieving cost savings. This has resulted in the Parties agreeing to some modifications to their MOU including a two-year extension of the term of the MOU; and

WHEREAS, the following memorializes the parties' agreement.

The Parties agree to the following modifications to their MOU effective the pay period including July 1, 2020 (i.e., June 21, 2020), as reflected by the track changes to each of the articles below.

ARTICLE 1 - RECOGNITION/PREAMBLE

1.10 During the term of this MOU, the parties agree either side can propose MOU language to clean up provisions which are either outdated or in need of modification. Any language changes must be mutually agreeable. Parties agree to begin discussions regarding the following sections by August 30, 2020: Article 4 – Shift Assignment Pay, Shift Exchanges and Call Back Duty, Article 5 – Class A and B Incentive Pay, Article 8 – Sick Leave, Article 9 - Work Schedule.

ARTICLE 2 - TERM OF AGREEMENT

2.1 The term of this MOU will commence on July 1, 2016, and will expire in the pay period that includes June 30, 2022~~0~~.

ARTICLE 3 - SALARIES AND WAGES

3.1 **COMPENSATION** - Employees covered by this MOU shall be compensated at the monthly base salary rates established for their classification under the Basic Pay Schedule per City Council resolution. An employee occupying a position in the classified service shall be compensated within the range established for his or her position as provided in Rule 6 of the Personnel Rules and Regulations. The minimum rate for the class generally shall apply to an employee upon his or her original appointment. Employees who are re-employed shall receive a rate within the range established for the class and agreed upon by the appointing authority and the employee prior to appointment. Any employees hired by the City on or after City Council adoption of the 2013-16 MOU shall be subject to a modified basic pay schedule which shall reflect an entry level pay step 10% less than Step 1 of the basic pay schedule as the latter may from time to time exist (to be designated Step A) and a second entry level pay step which shall be 5% less than Step 1 of the basic pay schedule as the latter may from time to time exist (to be designated Step B). Additionally, Step 5 of the basic pay schedule, as it may from time to time exist, shall become the maximum step that said employee shall be eligible to attain. The modified basic pay schedule also known as "Tier 2" salary schedule shall sunset effective the pay period that includes July

1, 2021. Employees currently on the “Tier 2” salary schedule shall be converted to the “Tier 1” salary schedule effective the pay period that includes July 1, 2021. Employees currently on the “Tier 2” salary schedule shall be placed at Step 1 of the “Tier 1” salary schedule or the step of the “Tier 1” salary schedule that is the same pay rate as their current “Tier 2” pay rate, whichever is greater. For example, an employee on Step 7 of the “Tier 2” salary range, will be placed on Step 5 of the Tier 1 salary range and an employee on Step 2 of the “Tier 2” salary range, will be placed on Step 1 of the “Tier 1” salary range.

Steps 1-7 of the basic pay schedule as it existed immediately prior to City Council ratification of this MOU shall be adjusted as follows:

- Year 1 – Beginning with the first full pay period starting after ratification by the City Council: 2.5% increase for all classifications subject to this MOU.
- Year 2 – Beginning with the first full pay period starting in July, 2017: 2.5% increase for all classifications subject to this MOU.
- Year 3 – Beginning with the first full pay period starting in July, 2018: 2.75% increase for all classifications subject to this MOU.
- Year 4 – Beginning with the first full pay period starting in July, 2019: 2.75% increase for all classifications subject to this MOU.
- Year 6 – Beginning with the pay period that includes June 30, 2022: 2% increase for all classifications subject to this MOU.

3.4 FURLOUGHS

Each member of the Association is required to take a total of one hundred and four (104) hours of unpaid furlough during the twenty-six (26) consecutive pay periods between June 21, 2020 and June 19, 2021.

The method/manner in which furlough hours are taken are to be determined by mutual agreement of the parties.

If the City receives financial relief from the County of Orange, State of California, or the Federal Government for any issues related to the impact of COVID-19 in excess of \$40.5 million for Fiscal Year 2020/2021, each member of the Association will receive a payment equivalent to the dollar savings of the furlough hours already taken (base rate including specialty pays x furlough hours).

ARTICLE 5 - PREMIUM PAY, SPECIAL PAY AND PAY ADJUSTMENT

5.5 **SAFETY SHOE ALLOWANCE** - For those employees covered under the City’s Safety Shoe Program and who meet the criteria for the replacement, repair or purchase of safety shoes, the City agrees to fully pay up to \$225 per year for the shoe that meets the minimal standard established by the program. ~~The City’s Purchasing Division will annually confirm the amount.~~ All safety shoes/boots purchased under this program must have steel enforced toes and insteps and bear the official stamp of approval from the American National Standards Institute (ANSI).

ARTICLE 7 - HEALTH INSURANCE AND RETIREE MEDICAL BENEFIT PROGRAM

7.3 **CONTRIBUTION AMOUNT** - The City's contribution as of January 1, 2007 was \$674 per month per employee towards a flexible benefit account. Effective January 1, 2008, the City's contribution amount was \$799 per month. Effective the first payroll period commencing on or after City Council adoption of the 2013-2016 MOU, but not earlier than July 1, 2014, the City's contribution towards a flexible benefit account was \$919 per month prior to City Council adoption of this MOU. The City's contributions towards a flexible benefits account shall increase as follows.

Year 1 – Beginning with the first full pay period starting after ratification of this MOU by the City Council, the monthly contribution for all classifications subject to this MOU shall be increased from \$919 to \$1,100.

Year 2 – Beginning with the first full pay period starting in July, 2017: the monthly contribution for all classifications subject to this MOU shall be increased to \$1,200.

Year 3 – Beginning with the first full pay period starting in July, 2018: the monthly contribution for all classifications subject to this MOU shall be increased to \$1,300.

~~Year 4 and after~~ – Beginning with the first full pay period starting in July, 2019: the month contribution for all classifications subject to this MOU shall be increased to \$1,400.

Year 6 – Beginning with the last full pay period in June, 2022: the monthly contribution for all classifications subject to this MOU shall be increased to \$1,500.

Opt Out: All employees must enroll in an available City health program unless they opt out. In order to opt out, an employee must provide the following: (1) proof that the employee and all individuals for whom the employee intends to claim a personal exemption deduction for the taxable year or years that begin or end in or with the City's plan year to which the opt out applies ("tax family"), have or will have minimum essential coverage through another source (other than coverage in the individual market, whether or not obtained through Covered California) for the plan year to which the opt out arrangement applies ("opt out period"); and (2) the employee must sign an attestation that the employee and his/her tax family have or will have such minimum essential coverage for the opt out period. An employee must provide the attestation every plan year at open enrollment or within 30 days after the start of the plan year. The opt-out payment cannot be made and the City will not in fact make payment if the employer knows that the employee or tax family member doesn't have such alternative coverage, or if the conditions in this paragraph are not otherwise satisfied.

ARTICLE 8 - LEAVES

8.2 VACATIONS

- A. The purpose of annual vacation leave is to enable each eligible employee to spend a reasonable amount of time away from his or her job and to return to work refreshed. Any leave of absence without pay shall not accrue vacation leave for each full pay period of such absence.
- B. Regular full-time employees in the classified services with an average workweek of forty (40) hours, employed by the City prior to adoption by the City Council of the 2013-2016 MOU, shall receive annual vacations with pay in accordance with the following provisions:
 1. After continuous full-time service amounting to one (1) year or more, an employee shall have earned paid vacation at the rate of ninety-two (92) working hours per year.

2. Upon completion of three (3) years of continuous full-time service, but less than five (5) years of continuous full-time service, such employee shall earn one hundred sixteen (116) working hours per year.
 3. Upon completion of five (5) years of continuous full-time service, but less than ten (10) years of continuous full-time service, such employee shall earn one hundred forty (140) working hours per year.
 4. Upon completion of ten (10) years of continuous full-time service, but less than fifteen (15) years of continuous full-time service, such employee shall earn one hundred sixty-four (164) working hours per year.
 5. Upon completion of fifteen (15) years of continuous full-time service such employee shall earn one hundred eighty-eight (188) working hours per year.
 6. Upon completion of twenty (20) years of continuous full-time service, such employee shall earn two hundred twelve (212) working hours per year.
- C. Regular full-time employees in the classified service with an average workweek of 40 (forty) hours and who have been employed by the City on and after adoption by the City Council of the 2013-2016 MOU shall receive annual vacations with pay in accordance with the following provisions:
1. Upon completion of a continuous one (1) year of full-time service, said employee shall earn forty (40) working hours of vacation.
 2. Upon completion of two through and including five (2-5) years of continuous full-time service, the employee shall earn eighty (80) working hours of vacation per year.
 3. Upon completion of six (6) years of continuous full-time service and all years thereafter, the employee shall earn one hundred twenty (120) working hours of vacation per year.

Effective June 21, 2020, the vacation leave accrual plan described in Article 8.2(C) and known as the "Tier 2" vacation accrual plan shall sunset. Current employees in the "Tier 2" plan will be placed on the vacation leave accrual plan described in Article 8.2(B) and known as the "Tier 1" vacation leave accrual plan according to their current years of service effective June 21, 2020. All new employees hired on June 21, 2020, or after, will be placed on the "Tier 1" vacation leave accrual plan.

E, Vacation Leave Cash Outs

1. During the first payroll periods commencing on and after January 1, April 1, July 1 and October 1 of each year, unit members shall have the option of converting up to eighty (80) hours of earned and accrued vacation leave to cash for every forty (40) hours of vacation leave used during said quarterly period of time.
2. During the payroll period commencing each July 1, unit members shall have the option of reducing the three hundred twenty (320) hour maximum vacation leave accrual to two hundred forty (240) hours. Any unit member having in excess of three hundred twenty (320) accumulated vacation leave hours prior to adoption by the City Council of the 2013-2016 MOU, shall have the option of reducing that accumulation to two hundred forty (240) hours by means of cash conversion of those hours in excess of two hundred forty (240).
3. During fiscal year 2020-21, employees covered by this MOU are not permitted to cash out any of their vacation leave.

8.12 JURY DUTY

1. An employee who is called for jury duty shall be compensated (as though he or she was working) for those hours of absence due to the jury duty that occurs during the employee's regularly scheduled working hours. Employees are required to provide documentation to Human Resources that they are on jury duty and once completed, documentation from the court that they have completed their jury duty service. This documentation is necessary for employees to receive pay for jury duty.
2. If a unit member is required to be absent from work to report for jury duty, the employee will notify his/her supervisor of the absence as soon as possible, including, a phone message the night before if the employee finds out via a phone recording that he/she must report the next day.
3. An employee on jury duty must either return to work after the jury service is done for the day if there are still four hours or more left on his/her shift or call in to his/her supervisor and ask to use leave to cover the rest of his/her shift.
4. An employee who is called to jury duty on a non-working day will not receive compensation or be authorized to change their schedule as a result of being called to jury duty.
5. An employee who is scheduled for a swing or graveyard shift on a day he/she is called to jury service will be authorized to change his/her work hours in order to report to jury service under the same provisions of 1-3 above.
6. An employee who is called to jury duty will not be subject to working his/her full graveyard or swing shift if there is not a minimum of 10 hours before or after assigned jury duty. If there is less than 10 hours between the end of a shift and the start of jury duty, an employee will be permitted to leave his/her shift early to allow for a minimum break of 10 hours. If there is less than 10 hours between the end of jury duty and the start of their shift, an employee will be able to delay his/her usual start time to ensure a 10 hour break in between. In this event, the employee's usual end time will remain the same. For any additional time taken off before or after jury duty, an employee will be required to utilize paid accrued time subject to supervisor approval.

~~Any employee in the classified service who is duly summoned into any court for the purpose of performing jury service, or serving as a witness, shall receive their regular compensation for any regularly scheduled working hours spent in the actual performance of such service.~~

~~Employees receiving witness fees or jury service fees, shall remit such fees to the Finance Director in order to be considered at work for payroll purposes during the time spent as such witness or serving on the jury. The employee is entitled to retain any mileage allowance if paid by the court.~~

ARTICLE 19 – LAYOFF PROCEDURES

19.1 **PURPOSE** - Employees covered by this MOU may be laid off due to material changes in the essential duties of their job or due to material changes in the organization. Likewise, the shortage of work or funds available to the City may also cause layoffs. If a layoff is deemed necessary, the appointing authority shall notify the City Manager of the layoff with reasons therefore thirty (30) calendar days before the effective date of layoff. Said employee shall be considered for re-employment as provided by the Personnel Rules. During fiscal year 2020-21, the City agrees that employees covered by this MOU cannot be subject to layoff from City employment.

REPRESENTATIVES OF THE COSTA MESA
CITY EMPLOYEES ASSOCIATION

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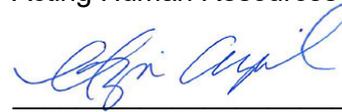
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