

LETTER OF UNDERSTANDING BETWEEN
THE CITY OF MODESTO
AND
MODESTO CONFIDENTIAL AND MANAGEMENT ASSOCIATION
Regarding Contract Extension

The City of Modesto, hereby referred to as "City," and the Modesto Confidential and Management Association, hereby referred to as "Union" execute this Letter of Understanding ("LOU") regarding the extension of the existing Memorandum of Understanding ("MOU") by and between the City and the Union which was in effect from July 22, 2008, through June 22, 2009.

The City and Union agree:

1. Except as provided below, all terms of the July 22, 2008, through June 22, 2009 MOU between the City and Union shall be extended from June 23, 2009 to June 21, 2010.
2. **MANDATORY FURLOUGHS.** For fiscal year 2009-2010, each bargaining unit member shall take ninety-six (96) hours of mandatory furloughs as provided below:
 - a. Effective July 7, 2009, and for a total of twenty-four (24) pay periods, each member shall have four (4) unpaid furlough hours deducted from his/her paycheck. This will be accomplished by the department reporting this deduction in each of the twenty-four (24) pay periods. This translates to four (4) hours per pay period and is calculated by dividing ninety-six (96) hours by twenty-four (24) pay periods.
 - b. Effective July 7, 2009, the City shall create for each member a furlough bank of ninety-six (96) hours. Between July 7, 2009 and June 21, 2010, the Department Director or designated representative shall ensure that all members exhaust all ninety-six (96) hours in the furlough bank in a manner that does not result in an increase in overtime cost, where applicable, due to the vacancy left by the furloughed employee.
 - c. Furlough hours that have been deducted and banked but have not been taken as time off by June 21, 2010, shall be forfeited by the employee and shall not be cashed out.

- d. During this designated furlough deduction period, the City will continue to report each employee's full base pay rate to CalPERS each pay period. In addition, an employee's percentage-based special incentive pay (if any) will continue to be paid based on the employee's regular schedule and will not be impacted by the furlough deductions. Therefore, these percentage-based special pays will be fully reported to CalPERS.
 - e. Employees who regularly work a reduced work schedule will have the ninety-six (96) hour furlough requirement reduced in proportion to their reduced work schedule.
 - f. The parties agree that the City has the sole discretion to assign overtime and that the City shall not allow members of this bargaining unit to require the City to backfill with overtime to cover furlough hours in order to avoid actual reduction of pay by any employee.
 - g. The parties agree that six (6) furlough days shall be non-fixed so that employees can schedule them in the same manner as vacation is scheduled. The remaining six (6) days shall be scheduled as fixed partial closures. Those dates will be December 24, 2009 (Christmas Eve), December 28, 29, 30 and 31, 2009 (days between Christmas and New Year's Day and May 28, 2010 (Friday before Memorial Day). City Hall (Tenth Street Place) and most other locations shall be closed on those dates. However, the Waste Water Treatment Plant will operate under minimum staffing and other critical operations, including but not limited to, Traffic Operations and Electrical, Airport, Environmental Compliance, Fleet, Trees, Water, Water Quality, Finance/Utilities, Parks, Building Services, Custodial, and Compost shall provide minimum staffing needed to maintain basic health and safety services to citizens. Other services may staff with call back or standby.
3. **ARTICLE 18. MANAGEMNET/CONFIDENTIAL LEAVE.** For fiscal year 2009-2010, the ability of bargaining unit members to cash out management/confidential leave shall be suspended.
4. **ARTICLE 31. HEALTH, DENTAL, VISION INSURANCE.** The following provisions of Article 31 are modified as follows (underlined language is added; strike-through language is deleted):
- a. **Art. 31 (B).** Employees may opt out of participation in any health plan, but shall continue to participate in the CITY dental and vision plans. This option may only be exercised during the CITY's open enrollment period or in coordination with spouse/registered domestic partner's open enrollment period and requires that the employee show proof of alternate

employer-sponsored health coverage. The Chiropractic and Psychological Services plans are not available under the Opt-out option. No cash payments will be made in-lieu of health coverage, but deferred compensation contributions will be provided as designated below.

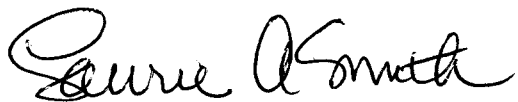
- b. **Art. 31 (D)(1).** \$478.50 bi-weekly (\$957 monthly) for **employees with dependent coverage**, effective July 22, 2008. This amount shall increase to \$525.00 bi-weekly (\$1,050.00 monthly) effective July 21, 2009. The CITY's contribution for employees with dependent coverage shall not exceed the actual premium amount for the lowest cost HMO (including dental and vision) offered by the CITY, regardless of the health plan selected by the employee or the contribution amounts listed above. Effective July 22, 2008, for employees enrolled in the City-sponsored High Deductible Health Plan, the City shall deposit any balance of the above contribution not needed to pay for the employee's premiums, into the employee's Health Savings Account.
 - c. **Art. 31 (D)(2).** \$267.50 bi-weekly (\$535 monthly) for **employees without dependent coverage**, including the CITY's contribution to in-lieu deferred compensation or to the employee's Health Savings Account, effective July 22, 2008, ~~except that the contribution shall not be less than the combined premium for the lowest cost HMO, Dental and Vision plan.~~ This amount shall increase to \$298.00 bi-weekly (\$596.00 monthly) effective July 21, 2009. The CITY shall deposit to the employee's deferred compensation account any balance of the above contributions not needed to pay for the combined total premiums. Effective July 22, 2008, for employees enrolled in the City-sponsored High Deductible Health Plan, the City shall deposit any balance of the above contribution not needed to pay for the employee's premiums, into the employee's Health Savings Account.
 - d. **Art. 31 (D)(3).** \$212.50 bi-weekly (\$425 monthly) for **employees who opt out of health coverage**, including the CITY's contribution to deferred compensation. Effective July 21, 2009, this amount shall increase to \$225.00 bi-weekly (\$450 monthly). The CITY shall deposit to the employee's deferred compensation account any balance of the above contributions not needed to pay for the combined dental and vision premiums.
 - e. The remaining portions of Article 31 remain the same.
5. **ARTICLE 40. LAYOFF AND DEMOTION PROCEDURES.** Article 40 (F) is modified as follows (underlined language is added; strike-through language is deleted):

a. **Art. 40 (F).** To determine the level of performance evaluation, the most recent ~~two~~ annual or probationary evaluations shall be used. ~~An overall~~ Each rating of "does not meet expectations" shall reduce the employee's continuous years of service by one (1) ~~two (2)~~ years. ~~Each rating of "meet expectations" shall reduce the employee's continuous years of service by one (1) year.~~

b. The remaining portions of Article 40 remain the same.

This Letter of Understanding shall become effective upon ratification by the affected membership of the Union and by the Modesto City Council.

**MODESTO CONFIDENTIAL AND
MANAGEMENT ASSOCIATION**



Laurie Smith, President



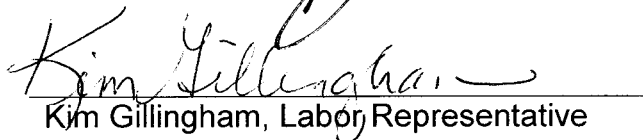
Aaron Trott, Vice President



Leslie Curtin, Director



Mark Murphy, Director

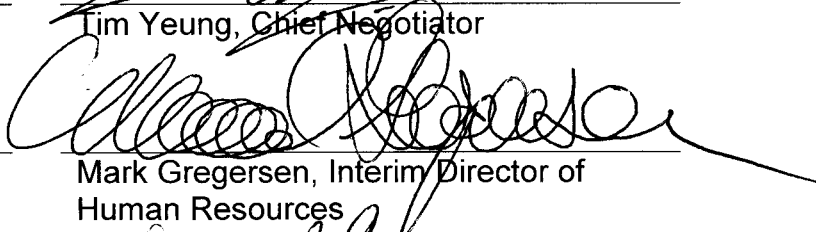


Kim Gillingham, Labor Representative

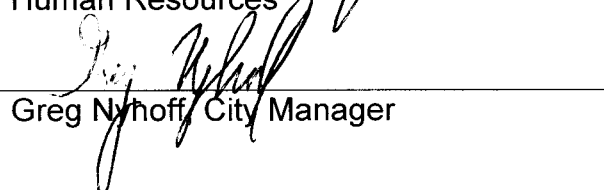
CITY OF MODESTO



Tim Yeung, Chief Negotiator



Mark Gregersen, Interim Director of
Human Resources



Greg Nyhoff, City Manager